FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001
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. 1-2217

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<br>Atlanta, Georgia<br>(Address of principal executive offices) | 30313<br>(Zip Code) |

Registrant's telephone number, including area code (404) 676-2121

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 (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock as of the latest practicable date.

| Class of Common Stock | Outstanding at April 13, 2001 |
|---|---|
| $.25 Par Value | 2,487,370,350 Shares |

THE COCA-COLA COMPANY AND SUBSIDIARIES

Index

Part I. Financial Information

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions except share data)

ASSETS

<TABLE>
<CAPTION>

| | March 31, 2001 | December 31, 2000 |
|---|---|---|
| <S> | <C> | <C> |
| CURRENT | | |
| Cash and cash equivalents | $ 2,616 | $ 1,819 |
| Marketable securities | 62 | 73 |
| | 2,678 | 1,892 |
| Trade accounts receivable, less allowances of $61 at March 31 and $62 at December 31 | 1,749 | 1,757 |
| Inventories | 1,120 | 1,066 |
| Prepaid expenses and other assets | 2,216 | 1,905 |
| TOTAL CURRENT ASSETS | 7,763 | 6,620 |
| INVESTMENTS AND OTHER ASSETS | | |
| Equity method investments | | |
| Coca-Cola Enterprises Inc. | 668 | 707 |
| Coca-Cola Amatil Ltd | 613 | 617 |
| Coca-Cola HBC S.A. | 810 | 758 |
| Other, principally bottling companies | 3,223 | 3,164 |
| Cost method investments, principally bottling companies | 697 | 519 |
| Marketable securities and other assets | 2,370 | 2,364 |
| | 8,381 | 8,129 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Land | 222 | 225 |
| Buildings and improvements | 1,682 | 1,642 |
| Machinery and equipment | 4,598 | 4,547 |
| Containers | 205 | 200 |
| | 6,707 | 6,614 |
| Less allowances for depreciation | 2,517 | 2,446 |
| | 4,190 | 4,168 |
| GOODWILL AND OTHER INTANGIBLE ASSETS | 1,914 | 1,917 |
| | $ 22,248 | $ 20,834 |

</TABLE>



THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions except share data)

LIABILITIES AND SHARE-OWNERS' EQUITY

<TABLE>
<CAPTION>

| | March 31, 2001 | December 31, 2000 |
|---|---|---|
| <S> | <C> | <C> |
| CURRENT | | |
| Accounts payable and accrued expenses | $ 3,978 | $ 3,905 |
| Loans and notes payable | 4,739 | 4,795 |
| Current maturities of long-term debt | 6 | 21 |
| Accrued income taxes | 768 | 600 |
| TOTAL CURRENT LIABILITIES | 9,491 | 9,321 |
| LONG-TERM DEBT | 1,359 | 835 |
| OTHER LIABILITIES | 1,006 | 1,004 |
| DEFERRED INCOME TAXES | 392 | 358 |
| SHARE-OWNERS' EQUITY | | |
| Common stock, $.25 par value Authorized: 5,600,000,000 shares Issued: 3,485,563,683 shares at March 31; 3,481,882,834 shares at December 31 | 871 | 870 |
| Capital surplus | 3,271 | 3,196 |
| Reinvested earnings | 21,679 | 21,265 |
| Accumulated other comprehensive income and unearned compensation on restricted stock | (2,456) | (2,722) |
| | 23,365 | 22,609 |
| Less treasury stock, at cost (998,546,692 shares at March 31; 997,121,427 shares at December 31) | 13,365 | 13,293 |
| | 10,000 | 9,316 |
| | $ 22,248 | $ 20,834 |

</TABLE>

See Notes to Condensed Consolidated Financial Statements.



THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(In millions except per share data)

<TABLE>
<CAPTION>

| | Three Months Ended March 31, 2001 | Three Months Ended March 31, 2000 |
|---|---|---|
| <S> | <C> | <C> |
| NET OPERATING REVENUES | $ 4,479 | $ 4,256 |
| Cost of goods sold | 1,345 | 1,398 |
| GROSS PROFIT | 3,134 | 2,858 |

| | | |
|---|---|---|
| Selling, administrative and general expenses | 1,854 | 1,938 |
| Other operating charges | - | 680 |
| OPERATING INCOME | 1,280 | 240 |
| Interest income | 81 | 67 |
| Interest expense | 91 | 99 |
| Equity income (loss) | (38) | (85) |
| Other income (loss) - net | 15 | (26) |
| INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE | 1,247 | 97 |
| Income taxes | 374 | 155 |
| INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE | 873 | (58) |
| Cumulative effect of accounting change, net of income taxes | (10) | - |
| NET INCOME (LOSS) | $ 863 | $ (58) |
| BASIC NET INCOME (LOSS) PER SHARE: | | |
| Before accounting change | $ .35 | $ (0.02) |
| Cumulative effect of accounting change | - | - |
| | $ .35 | $ (0.02) |
| DILUTED NET INCOME (LOSS) PER SHARE: | | |
| Before accounting change | $ .35 | $ (0.02) |
| Cumulative effect of accounting change | - | - |
| | $ .35 | $ (0.02) |
| DIVIDENDS PER SHARE | $ .18 | $ .17 |

</TABLE>

See Notes to Condensed Consolidated Financial Statements.



THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(In millions except per share data)

<TABLE>
<CAPTION>

| | Three Months Ended March 31, 2001 | 2000 |
|---|---|---|
| <S> | <C> | <C> |
| AVERAGE SHARES OUTSTANDING | 2,486 | 2,472 |
| Dilutive effect of stock options | 4 | - |
| AVERAGE SHARES OUTSTANDING ASSUMING DILUTION | 2,490 | 2,472 |

</TABLE>

See Notes to Condensed Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In millions)

| | Three Months Ended March 31, 2001 | Three Months Ended March 31, 2000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net income (loss) | $ 863 | $ (58) |
| Depreciation and amortization | 186 | 217 |
| Deferred income taxes | (46) | (54) |
| Equity income or loss, net of dividends | 53 | 87 |
| Foreign currency adjustments | (57) | 70 |
| Other operating charges | - | 616 |
| Other items | 50 | (8) |
| Net change in operating assets and liabilities | (332) | (701) |
| Net cash provided by operating activities | 717 | 169 |
| INVESTING ACTIVITIES | | |
| Acquisitions and investments, principally trademarks and bottling companies | (217) | (73) |
| Purchases of investments and other assets | (184) | (137) |
| Proceeds from disposals of investments and other assets | 16 | 24 |
| Purchases of property, plant and equipment | (137) | (227) |
| Proceeds from disposals of property, plant and equipment | 17 | 3 |
| Other investing activities | 106 | 15 |
| Net cash used in investing activities | (399) | (395) |
| Net cash provided by (used in) operations after reinvestment | 318 | (226) |
| FINANCING ACTIVITIES | | |
| Issuances of debt | 1,945 | 3,112 |
| Payments of debt | (1,492) | (2,014) |
| Issuances of stock | 85 | 84 |
| Purchases of stock for treasury | (67) | (108) |
| Net cash provided by financing activities | 471 | 1,074 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 8 | (5) |
| CASH AND CASH EQUIVALENTS | | |
| Net increase during the period | 797 | 843 |
| Balance at beginning of period | 1,819 | 1,611 |
| Balance at end of period | $ 2,616 | $ 2,454 |

See Notes to Condensed Consolidated Financial Statements.



THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the

United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Annual Report on Form 10-K of The Coca-Cola Company (our Company) for the year ended December 31, 2000. In the opinion of management, all adjustments (consisting of normal recurring accruals), as well as the accounting change to adopt Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

Certain amounts in our prior period financial statements have been reclassified to conform to the current period presentation.

NOTE B - SEASONALITY

Sales of ready-to-drink nonalcoholic beverages 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.

NOTE C - COMPREHENSIVE INCOME (LOSS)

Total comprehensive income was $1,085 million for the first three months of 2001, comprising net income of $863 million, accumulated net gains on derivative financial instruments of approximately $152 million, and a net increase for foreign currency translation of approximately $70 million. For the first quarter of 2000, total comprehensive loss was $205 million, primarily reflecting a net loss of $58 million, a net reduction for foreign currency translation of approximately $108 million, and a net decrease in the unrealized gain on available-for-sale securities of approximately $39 million.





NOTE D - ACCOUNTING PRONOUNCEMENTS

SFAS NO. 133 "ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES"

Effective January 1, 2001, the Company adopted SFAS No. 133 as amended by SFAS No. 137 and SFAS No. 138. These statements require the Company to recognize all derivative instruments on the balance sheet at fair value. These statements also establish new accounting rules for hedging instruments, which depend on the nature of the hedge relationship. A fair value hedge requires that the effective portion of the change in the fair value of a derivative instrument be offset against the change in the fair value of the underlying asset, liability, or firm commitment being hedged through earnings. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in Other Comprehensive Income (OCI), a component of Share-Owners' Equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of a derivative instrument's change in fair value is immediately recognized in earnings. As disclosed in further detail below, the first quarter 2001 unaudited condensed consolidated financial statements include the provisions required by SFAS No. 133, while the first quarter 2000 unaudited condensed consolidated financial statements were prepared in accordance with the applicable professional literature for derivatives and hedging instruments in effect at that time. Although the Company believes that these statements will not have a material impact on the annual consolidated financial results, the requirements of these statements may result in slightly increased volatility in the Company's future quarterly unaudited condensed consolidated financial results.

The adoption of SFAS No. 133 resulted in the Company recording transition adjustments to recognize its derivative instruments at fair value and to recognize the ineffective portion of the change in fair value of its derivatives. The cumulative effect of these transition adjustments was an after-tax reduction to net income of approximately $10 million and an after-tax net increase to OCI of approximately $50 million. The reduction in net income is primarily related to the change in the time value and fair value of foreign currency and interest rate options, respectively. The increase in OCI is primarily related to net gains on foreign currency cash flow hedges. The Company estimated that it would reclassify into earnings during the twelve month period ending December 31, 2001, approximately $53 million of net gains relating to the transition adjustment recorded in OCI as of January 1, 2001.





NOTE D - ACCOUNTING PRONOUNCEMENTS (Continued)

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, the Company formally designates and documents the financial instrument as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the value or cash flows of the underlying exposures being hedged. Derivatives are recorded in the Condensed Consolidated Balance Sheet at fair value in either Prepaid expenses and other assets or Accounts payable and accrued expenses, depending on whether the amount is an asset or liability. The 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 or cash flows of the underlying hedged transactions and other exposures and to the overall reduction in our risk relating to adverse fluctuations in foreign exchange rates, interest rates, commodity prices and other market factors. In addition, the earnings impact resulting from our derivative instruments is recorded in the same line item within the Condensed Consolidated Statement of Income as the underlying exposure being hedged. The Company also formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings.

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 review any downgrade in credit rating immediately. 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.





NOTE D - ACCOUNTING PRONOUNCEMENTS (Continued)

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-to-variable mix within these parameters. These contracts had maturities ranging from 1 to 3 years on March 31, 2001. Interest rate swap agreements which meet the shortcut method conditions required under SFAS No. 133 for fair value hedges are accounted for as such. All other interest rate swap agreements are not designated as hedges under SFAS No. 133. Accordingly, the changes in the fair value of these agreements are recorded in earnings immediately. Additionally, our Company enters into interest rate cap agreements that may entitle us to receive from a financial institution the amount, if any, by which our interest payments on our variable rate debt exceed prespecified rates through 2004. The interest rate cap agreements are not designated as hedges under SFAS No. 133. Accordingly, the changes in the fair value of these agreements are recorded in earnings immediately. The earnings impact recorded during the three month period ending March 31, 2001, relating to interest rate swap and cap agreements not designated in a hedging relationship was immaterial and is recorded in interest expense in the Condensed Consolidated Statement of Income.

FOREIGN CURRENCY MANAGEMENT

The purpose of our foreign currency hedging activities is to reduce the risk that our eventual U.S. dollar net cash inflows resulting from sales outside the U.S. will be adversely affected by changes in exchange rates.

We enter into forward exchange contracts and purchase currency options (principally Euro and Japanese yen) to hedge certain anticipated cash flows denominated in foreign currencies. These contracts, which have been designated as cash flow hedges, had maturities ranging from 1 to 3 years on March 31, 2001. The time value associated with currency options is excluded from the Company's hedge effectiveness assessment and, as such, the change in the time value of options is recognized immediately in earnings. Additionally, the Company enters into forward exchange contracts, which are not designated as hedging instruments under SFAS No. 133. These instruments are used to offset the earnings impact relating to the variability in exchange rates on certain monetary assets and liabilities denominated in non-functional currencies. Changes in the fair value of these instruments are recognized in earnings immediately to offset the remeasurement of the monetary assets and liabilities.





NOTE D - ACCOUNTING PRONOUNCEMENTS (Continued)

The Company also enters into forward exchange contracts to hedge its net investment position in certain major currencies. Changes in the fair value of these instruments are recognized in cumulative translation adjustment, a component of accumulated other comprehensive income and unearned compensation on restricted stock, immediately to offset the change in the value of the net investment being hedged. For the quarter ended March 31, 2001, this amount was not material.

For the quarter ended March 31, 2001, the Company recorded an approximate $16 million reduction in earnings classified within net operating revenues in the Condensed Consolidated Statement of Income, primarily related to the change in the time value of foreign currency options. We also recorded an additional $102 million increase to OCI, net of both income taxes and reclassifications to earnings, primarily related to net gains on foreign currency cash flow hedges, which will generally offset cash flow losses relating to the underlying exposures being hedged in future periods. The Company estimates that it will reclassify into earnings during the next nine months approximately $101 million of the net amount recorded in OCI as of March 31, 2001. The Company did not discontinue any fair value or cash flow hedge relationships during the quarter ended March 31, 2001.

The following table summarizes activity in OCI related to derivatives held by the Company during the period from January 1, 2001, through March 31, 2001 (in millions):

| | Before-Tax Amount | Income Tax | After-Tax Amount |
|---|---|---|---|
| Cumulative effect of adopting SFAS No. 133, net | $ 83 | $ (33) | $ 50 |
| Net changes in fair value of derivatives | 188 | (74) | 114 |
| Net gains reclassified from OCI into earnings | (19) | 7 | (12) |
| Accumulated derivative net gains as of March 31, 2001 | $ 252 | $ (100) | $ 152 |

NOTE D - ACCOUNTING PRONOUNCEMENTS (Continued)

EMERGING ISSUES TASK FORCE (EITF)

Effective January 1, 2001, our Company adopted the provisions of EITF Issue 00-14, "Accounting for Certain Sales Incentives," and Issue 00-22, "Accounting for "Points" and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to be Delivered in the Future." Both of these EITF Issues provide additional guidance relating to the income statement classification of certain sales incentives. The adoption of these EITF Issues resulted in the Company reducing both net operating revenues and selling, administrative and general expenses by approximately $151 million for the quarter ended March 31, 2001, and by approximately $135 million for the quarter ended March 31, 2000.





NOTE E OPERATING SEGMENTS

The Company's operating structure includes the following operating segments: the North America Group (including The Minute Maid Company); the Africa Group; the Europe, Eurasia and Middle East Group; the Latin America Group; the Asia Group; and Corporate. The North America Group includes the United States, Canada and Puerto Rico.

Effective January 1, 2001, the Company's operating segments were geographically reconfigured and renamed as follows: Puerto Rico was added to the North America Group from the Latin America Group. The Middle East Division was added to the Europe and Eurasia Group, which changed its name to the Europe, Eurasia and Middle East Group. At the same time the Africa and Middle East Group, less the relocated Middle East Division, changed its name to the Africa Group. During the first quarter of 2001, the Asia Pacific Group was renamed the Asia Group. Prior period amounts have been reclassified to conform to the current period presentation.





NOTE E OPERATING SEGMENTS (Continued)

Information about our Company's operations as of and for the three months ended March 31, 2001 and 2000, by operating segment, is as follows (in millions):

<TABLE>
<CAPTION>

| | North America | Africa | Europe Eurasia and Middle East | Latin America | Asia | Corporate | Consolidated |
|---|---|---|---|---|---|---|---|

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2001 | | | | | | | |
| Net operating revenues | $ 1,702 | $ 146 | $ 968 | $ 532 | $ 1,084 | $ 47 | $ 4,479 |
| Operating income | 380 | 69 | 397 | 277 | 335 | (178) | 1,280 |
| Identifiable operating assets | 4,330 | 290 | 1,940 | 1,445 | 2,040 | 6,192 | 16,237 |
| Investments | 138 | 88 | 2,079 | 1,947 | 1,012 | 747 | 6,011 |
| 2000 | | | | | | | |
| Net operating revenues | $ 1,679 | $ 127 | $ 982 | $ 497 | $ 959 | $ 12 | $ 4,256 |
| Operating income {1,2} | 272 | 32 | 317 | 223 | (332) | (272) | 240 |
| Identifiable operating assets | 3,572 | 312 | 1,877 | 1,601 | 2,164 | 6,337 | 15,863 |
| Investments | 136 | 94 | 2,024 | 1,863 | 1,477 | 766 | 6,360 |

</TABLE>

Intercompany transfers between operating segments are not material.

[FN]

{1} Operating income was reduced by $3 million for North America; $397 million for Asia; and $5 million for Corporate as a result of other operating charges recorded for asset impairments.

{2} Operating income was reduced by $44 million for North America; $2 million for Africa; $5 million for Europe, Eurasia and Middle East; $17 million for Latin America; $90 million for Asia; and $117 million for Corporate as a result of other operating charges associated with the Company's organizational realignment.

</FN>





NOTE F - OTHER OPERATING CHARGES

In the first quarter of 2000, we recorded total charges of approximately $680 million. Of this $680 million, approximately $405 million related to the impairment of certain bottling, manufacturing and intangible assets, and approximately $275 million related to the Company's organizational realignment (the Realignment).

In the first quarter of 2000, we recorded charges of approximately $405 million related to the impairment of certain bottling, manufacturing and intangible assets, primarily within our Indian bottling operations. These impairment charges were recorded to reduce the carrying value of the identified assets to fair value. Fair value was derived using cash flow analysis. The assumptions used in the cash flow analysis were consistent with those used in our internal planning process. The assumptions included estimates of future growth in unit cases, estimates of gross margins, estimates of the impact of exchange rates and estimates of tax rates and tax incentives. The charge was primarily the result of our revised outlook for the Indian beverage market including the future expected tax environment. The remaining carrying value of long-lived assets within our Indian bottling operations, immediately after recording the impairment charge, was approximately $300 million.

In the first quarter of 2000, the Company incurred total pretax Realignment expenses of approximately $275 million. Under the Realignment, which was completed during the year ended December 31, 2000, approximately 5,200 employees were separated from almost all functional areas of the Company's operations, and certain activities were outsourced to third parties. Employees separated from the Company as a result of the Realignment were offered severance or early retirement packages, as appropriate, which included both financial and non-financial components. The Realignment expenses included costs associated with involuntary terminations, voluntary retirements and other direct costs associated with implementing the Realignment. Other direct costs included repatriating and relocating employees to local markets; asset write-downs; lease cancellation costs; and costs associated with the development, communication and administration of the Realignment.





NOTE F - OTHER OPERATING CHARGES (Continued)

The table below summarizes the balance of accrued Realignment expenses and the movement in that accrual as of and for the first quarter ended March 31, 2001 (in millions):

<TABLE>
<CAPTION>

| Realignment Summary | Accrued Balance December 31 2000 | Payments | Noncash and Exchange | Accrued Balance March 31 2001 |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Employees involuntarily separated | | | | |
| Severance pay and benefits | $ 91 | $ (20) | $ - | $ 71 |
| Outside services - legal, outplacement, consulting | 8 | (2) | - | 6 |
| Other - including asset write-downs | 37 | (6) | 1 | 32 |
| | $ 136 | $ (28) | $ 1 | $ 109 |
| Employees voluntarily separated | | | | |
| Special retirement pay and benefits | $ 179 | $ (19) | $ 2 | $ 162 |
| Outside services - legal, outplacement, consulting | 3 | - | - | 3 |
| | $ 182 | $ (19) | $ 2 | $ 165 |
| Other direct costs | $ 60 | $ (5) | $ - | $ 55 |
| Total Realignment | $ 378 | $ (52) | $ 3 | $ 329 {1} |

</TABLE>

[FN]

{1} Accrued Realignment expenses of approximately $205 million and $124 million have been included in the Condensed Consolidated Balance Sheet captions Accounts payable and accrued expenses and Other liabilities, respectively.

</FN>



Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

BEVERAGE VOLUME

In the first quarter of 2001, our worldwide unit case volume increased 4 percent compared to the first quarter of 2000. The increase in unit case volume reflects the strong performance in our international markets, which grew 6 percent. First quarter 2001 unit case volume growth for the Company's operating segments was 1 percent for the North America Group; 3 percent for the Latin America Group; 4 percent for the Europe, Eurasia and Middle East Group; 10 percent for the Africa Group; and 10 percent for the Asia Group. Worldwide gallon sales of concentrates and syrups increased by 11 percent. The percentage increase in gallon sales was higher than the increase in unit case volume due primarily to the first quarter 2000 gallon shipments being unfavorably impacted by the reduction of concentrate inventory by certain bottlers within the Coca-Cola system.

NET OPERATING REVENUES AND GROSS MARGIN

Net operating revenues increased by 5 percent to $4,479 million in the first quarter of 2001 relative to the comparable period in 2000. The increase was due primarily to increased gallon sales and price increases in selected countries, partially offset by the impact of a stronger U.S. dollar and the deconsolidation in 2001 of our previously owned vending operations in Japan and canning operations in Germany.

Our gross profit margin increased to 70.0 percent in the first quarter of 2001 from 67.2 percent in the first quarter of 2000. The increase in our gross profit margin for the first quarter of 2001 was due primarily to the impact upon our 2000 gross profit margin from the reduction of concentrate inventory levels by certain bottlers within the Coca-Cola system and the deconsolidation in 2001 of our Japan vending and German canning operations.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

Selling, administrative and general expenses were approximately $1,854 million in the first quarter of 2001, compared to $1,938 million in the first quarter of 2000. The decrease of 4 percent was due primarily to the combination of savings in expenses achieved from the Realignment completed during 2000, the impact of a stronger U.S. dollar and the deconsolidation in 2001 of our Japan vending and German canning operations.





SELLING, ADMINISTRATIVE AND GENERAL EXPENSES (Continued)

During the first quarter of 2001, the Company announced plans to implement significant strategic one-time marketing initiatives in order to accelerate the Company's business strategies. During calendar year 2001, the Company expects to make incremental, additional marketing investments totaling approximately $300 million to $400 million in selected key markets, specifically the United States, Japan and Germany. These amounts will primarily be expensed in the remaining three quarters of 2001.

OTHER OPERATING CHARGES

In the first quarter of 2000, we recorded total nonrecurring charges of approximately $680 million. Of this $680 million, approximately $405 million related to the impairment of certain bottling, manufacturing and intangible assets, and approximately $275 million related to the Company's Realignment.

In the first quarter of 2000, we recorded charges of approximately $405 million, or $0.16 per share after tax, related to the impairment of certain bottling, manufacturing and intangible assets, primarily within our Indian bottling operations. These impairment charges were recorded to reduce the carrying value of the identified assets to fair value. Fair value was derived using cash flow analysis. The assumptions used in the cash flow analysis were consistent with those used in our internal planning process. The assumptions included estimates of future growth in unit cases, estimates of gross margins, estimates of the impact of exchange rates and estimates of tax rates and tax incentives. The charge was primarily the result of our revised outlook for the Indian beverage market including the future expected tax environment. The remaining carrying value of long-lived assets within our Indian bottling operations, immediately after recording the impairment charge, was approximately $300 million.

In the first quarter of 2000, the Company incurred total pretax Realignment expenses of approximately $275 million, or $0.08 per share after tax. Under the Realignment, which was completed during the year ended December 31, 2000, approximately 5,200 employees were separated from almost all functional areas of the Company's operations, and certain activities were outsourced to third parties. Employees separated from the Company as a result of the Realignment were offered severance or early retirement packages, as appropriate, which included both financial and non-financial components. The Realignment expenses included costs associated with involuntary terminations, voluntary retirements and other direct costs associated with implementing the Realignment. Other direct costs included repatriating and relocating employees to local markets; asset write-downs; lease cancellation costs; and costs associated with the development, communication and administration of the Realignment.

OPERATING INCOME AND OPERATING MARGIN

Operating income was $1,280 million in the first quarter of 2001, compared to $240 million in the first quarter of 2000. Our consolidated operating margin for the first quarter of 2001 was 28.6 percent, compared to 5.6 percent for the comparable period in 2000. First quarter 2000 results reflect the recording of approximately $680 million in charges as discussed under the heading, "Other Operating Charges," as well as the effect of the planned reduction of concentrate inventory by certain bottlers within the Coca-Cola system. First quarter 2001 operating income reflects increased gallon sales as well as savings in operating expenses as a result of the Realignment, partially offset by the impact of a stronger U.S. dollar.

INTEREST INCOME AND INTEREST EXPENSE

Interest income increased to $81 million, due primarily to higher average cash balances in the first quarter of 2001. Interest expense decreased $8 million, or 8 percent, in the first quarter of 2001 relative to the comparable period in 2000, due to both a decrease in average commercial paper debt balances and lower interest rates.

EQUITY INCOME (LOSS)

Our Company's share of losses from equity method investments for the first quarter of 2001 totaled $38 million, compared to a loss of $85 million in the first quarter of 2000. The decrease in equity losses was due to the continued improvement in operating performance by the majority of our equity bottlers.

OTHER INCOME (LOSS) - NET

Other income (loss) - net increased to $15 million income for the first quarter of 2001 compared to a loss of $26 million for the first quarter of 2000. The increase was due primarily to an increase in net foreign currency gains recorded in 2001.





INCOME TAXES

Our effective tax rate was 30 percent for the first quarter of 2001 compared to 160 percent for the first quarter of 2000. The decrease in our effective tax rate in 2001 was due primarily to the first quarter of 2000 including other operating charges of approximately $405 million related to asset impairments for which no tax benefit was recognized. Excluding the impact of these impairment charges, the effective tax rate on operations for the first quarter of 2000 was 31 percent. Our effective tax rate of 30 percent for the first quarter of 2001 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 percent.

RECENT DEVELOPMENTS

In February 2001, our Company and The Procter & Gamble Company (P&G) announced plans pursuant to a non-binding letter of intent to create a stand-alone enterprise focused on developing and marketing juices, juice-based beverages and salted snacks on a global basis. Under the terms of the proposed transaction, our Company and P&G each will own 50% of the stand-alone enterprise, which will be named at a later date. Our Company will contribute its juice beverages business, and P&G will contribute its juice beverages business and its salted snack products business. The transaction has been approved by the boards of directors of both companies, and the stand-alone enterprise is expected to begin operations following regulatory approvals and satisfaction of certain other conditions, including the negotiation of definitive agreements. Until then, the two companies will continue to operate independently.

## FINANCIAL CONDITION

### NET CASH FLOW PROVIDED BY (USED IN) OPERATIONS AFTER REINVESTMENT

In the first three months of 2001, net cash provided by operations after reinvestment totaled $318 million compared to $226 million in net cash used in operations after reinvestment for the comparable period in 2000.

Net cash provided by operating activities in the first three months of 2001 amounted to $717 million, a $548 million increase compared to the first three months of 2000. The increase was due primarily to the first quarter 2000 being unfavorably impacted by the previously mentioned planned inventory reduction by certain bottlers, as well as additional Japanese tax payments made pursuant to the terms of an Advance Pricing Agreement (APA) entered into by the United States and Japan taxing authorities, referred to in Note 14 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

Net cash used in investing activities totaled $399 million for the first three months of 2001, compared to $395 million for the first three months of 2000.

### FINANCING ACTIVITIES

Our financing activities include net borrowings, share issuances and repurchases. Net cash provided by financing activities totaled $471 million and $1,074 million for the first three months of 2001 and 2000, respectively. Our Company had net cash borrowings of $453 million and $1,098 million for the first three months of 2001 and 2000, respectively. In 2000, the Company increased its borrowings due to the impact on cash from the reduction of concentrate inventory by certain bottlers, costs associated with the Realignment and the satisfaction of tax obligations pursuant to the terms of the APA.

Cash used to purchase common stock for treasury was $67 million for the first three months of 2001, compared to $108 million for the first three months of 2000. During the first quarter of 2001, the Company recommenced repurchases of common stock under the stock repurchase plan authorized by our Board of Directors in October 1996. The Company repurchased approximately 1,235,000 shares of common stock during the first quarter of 2001 at an average cost of $50.54 per share. During the first quarter 2000, our Company did not repurchase any common stock under the stock repurchase plan. Treasury stock repurchases in 2000 were due primarily to the repurchase of shares from employees pursuant to the provisions of the Company's Stock Option and Restricted Stock Award Plans.





### FINANCIAL POSITION

The increase in long-term debt during the first quarter of 2001 was due primarily to the Company's issuance of $500 million in 10-year global notes with an interest rate of 5.75 percent and expiring on March 15, 2011.

### EURO CONVERSION

In January 1999, certain member countries of the European Union established irrevocable, fixed conversion rates between their existing currencies and the European Union's common currency (the Euro).

The introduction of the Euro is scheduled to be phased in over a period ending January 1, 2002, when Euro notes and coins will come into circulation. The existing currencies are due to be completely removed from circulation on February 28, 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 the continuity of contracts; and modifying our processes for preparing tax, accounting, payroll and customer records.

Based on our work to date, we believe the Euro replacing the other currencies will not have a material impact on our operations or our Consolidated Financial

Statements.



FINANCIAL CONDITION (Continued)

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 and seek to adopt appropriate strategies that are responsive to changing economic and political environments and to fluctuations in foreign currencies.

Due to our global operations, we use approximately 65 functional currencies. Weaknesses in some of these currencies are often offset by strengths in others. In the first quarter of 2001, the U.S. dollar was approximately 7 percent stronger as a weighted average of all of our functional currencies, compared to the first quarter of 2000. This does not include the effects of our hedging activities and, therefore, does not reflect the actual impact of fluctuations in exchange rates on our operating results. Our foreign currency management program mitigates over time a portion of the impact of exchange on net income and earnings per share. The impact of a stronger U.S. dollar reduced our operating income by approximately 3 percent in the first quarter of 2001.

The Company will continue to manage its foreign currency exposures to mitigate over time a portion of the impact of exchange on net income and earnings per share. Our Company conducts business in nearly 200 countries around the world and we manage foreign currency exposures through the portfolio effect of the basket of functional currencies in which we do business. The Euro comprises one significant currency in our portfolio. For the first quarter of 2001 and at the date of this report, our Company has hedged only an immaterial amount of its 2001 Euro foreign currency exposure.



FORWARD-LOOKING STATEMENTS

Certain written and oral statements made by our Company and subsidiaries or with the approval of an authorized executive officer of our Company may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995, including statements made in this report and other filings with the Securities and Exchange Commission. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. 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 and statements expressing general optimism about future operating results - are forward-looking statements. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company's historical experience and our present expectations or projections. As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following are some of the factors that could cause our Company's actual results to differ materially from the expected results described 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.

- Changes in the nonalcoholic beverages business environment. These include, without limitation, 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, factors such as these 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, especially 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.

The foregoing list of important factors is not exclusive.



## Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have no material changes to the disclosure on this matter made in our Annual Report on Form 10-K for the year ended December 31, 2000.

## Part II. Other Information

### Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Share Owners was held on Wednesday, April 18, 2001, in Wilmington, Delaware, at which the following matters were submitted to a vote of the share owners:

(a) Votes regarding the election of three Directors for a term expiring in 2004 were as follows:

| Term expiring in 2004 | FOR | WITHHELD |
|---|---|---|
| Herbert A. Allen | 2,117,735,524 | 43,482,412 |
| James D. Robinson III | 2,132,876,658 | 28,341,278 |
| Peter V. Ueberroth | 2,135,450,557 | 25,767,379 |

Additional Directors, whose terms of office as Directors continued after the meeting, are as follows:

| Term expiring in 2002 | Term expiring in 2003 |
|---|---|
| Cathleen P. Black | Ronald W. Allen |
| Warren E. Buffett | Donald F. McHenry |
| Douglas N. Daft | Sam Nunn |
| Susan B. King | Paul F. Oreffice |
| | James B. Williams |

(b) Votes on a share-owner proposal regarding genetic engineering were as follows:

| FOR | AGAINST | ABSTENTIONS AND BROKER NON-VOTES |
|---|---|---|
| 61,025,491 | 1,655,011,263 | 445,181,182 |





(c) Votes on a share-owner proposal regarding recycling were as follows:

| FOR | AGAINST | ABSTENTIONS AND BROKER NON-VOTES |
|---|---|---|
| 88,949,399 | 1,635,658,988 | 436,609,549 |

(d) Votes on a share-owner proposal regarding stock options were as follows:

| FOR | AGAINST | ABSTENTIONS AND BROKER NON-VOTES |
|---|---|---|
| 98,724,977 | 1,667,270,019 | 395,222,940 |

(e) Votes regarding ratification of the appointment of Ernst & Young LLP as independent auditors of the Company to serve for the fiscal year ending December 31, 2001 were as follows:

ABSTENTIONS
AND
BROKER

| FOR | AGAINST | NON-VOTES |
|---|---|---|
| 2,141,049,698 | 10,344,532 | 9,823,706 |



Submission of Matters to a Vote of Security Holders (Continued)

(f) Votes regarding a proposal to approve an Amendment to the Company's 1989 Restricted Stock Award Plan were as follows:

| FOR | AGAINST | ABSTENTIONS AND BROKER NON-VOTES |
|---|---|---|
| 2,065,288,126 | 74,846,905 | 21,082,905 |



Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

4 - 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 - Amendment to the 1989 Restricted Stock Award Plan of the Company, effective as of October 18, 2000.

10.2 - Employment Agreement, dated as of February 21, 2001, between the Company and Deval L. Patrick.

10.3 - Employment Agreement, dated March 2, 2001, between the Company and Steven J. Heyer.

10.4 - Letter Agreement, dated March 31, 2001, between the Company and Jack L. Stahl.

12 - Computation of Ratios of Earnings to Fixed Charges.

(b) Reports on Form 8-K:

During the first quarter of 2001, the Company filed a report on Form 8-K dated February 21, 2001.

Item 5. Other Events - On February 21, 2001, the Company and The Procter & Gamble Company announced an agreement in principle relating to a stand-alone enterprise focused on developing and marketing innovative juices, juice-based beverages and snacks on a global basis.



SIGNATURE

Pursuant to the requirements 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)

Date: May 1, 2001 By: /s/ Connie D. McDaniel

Connie D. McDaniel
Vice President and Controller
(On behalf of the Registrant and
as Chief Accounting Officer)



EXHIBIT INDEX

Exhibit Number and Description

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# AMENDMENT TO THE COCA-COLA COMPANY 1989 RESTRICTED STOCK AWARD PLAN AUTHORIZING THE GRANT OF PERFORMANCE-BASED AWARDS

The Coca-Cola Company 1989 Restricted Stock Award Plan be, and it hereby is, amended effective October 18, 2000 by adding the following new paragraph (d) to Section 5:

(d) Performance-Based Awards.

1. The Restricted Stock Subcommittee of the Board which shall be comprised of two or more outside directors meeting the requirements of Section 162(m) of the Internal Revenue code of 1986, as amended (the Code)(the Subcommittee) may select from time to time, in its discretion, executive officers, senior vice-presidents and other key executives of the Company to receive awards of restricted stock under the Plan, in such amounts as the Subcommittee may, in its discretion, determine (subject to any limitations provided in the Plan), the release of which will be conditioned upon the attainment of certain performance targets (Performance-Based Awards).

2. At the time of each grant, the Subcommittee shall determine the performance targets and the Measurement Period (as defined below) that will be applied with respect to such grant. Grants of Performance-Based Awards may be made, and the performance targets applicable to such Performance-Based Awards may be determined, by the Subcommittee no later than ninety days after the commencement of the Measurement Period. The performance criteria applicable to Performance-Based Awards will be one or more of the following criteria:

> (i) average annual growth in earnings per share; (ii) increase in share-owner value; (iii) earnings per share; (iv) net income; (v) return on assets; (vi) return on share-owners' equity; (vii) increase in cash flow; (viii) operating profit or operating margins; (ix) revenue growth of the Company; and (x) quality as determined by the Company's Quality Index.

The Measurement Period will be a period of years, determined by the Subcommittee in its discretion, commencing on the January 1 of the first year of the Measurement Period and ending on December 31 of the last year of the Measurement Period. The Measurement Period will be subject to adjustment as the Subcommittee may provide in the terms of each award.

3. Except as otherwise provided in the terms of the award, shares awarded in the form of Performance-Based Awards shall be eligible for release (the Release Date) on the March 1 next following the completion of the Measurement Period.

4. Shares awarded in the form of Performance-Based Awards will be released only if the Controller of the Company and the Subcommittee certify that the performance targets have been achieved during the Measurement Period.

5. Performance-Based Awards granted pursuant to this Section 5(d) are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall be administered and construed accordingly.

EXHIBIT 10-2

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of February 21, 2001, by and between Deval L. Patrick (the "Executive"), and The Coca-Cola Company (the "Company").

WHEREAS, the parties desire to enter into this agreement setting forth the terms and conditions of the employment relationship of the Executive with the Company;

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth below, the parties hereby agree as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive, and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth.

2. EMPLOYMENT PERIOD. The period during which the Executive is employed by the Company hereunder (the "Employment Period") shall commence on April 2, 2001 (the "Effective Date") and shall end on the fifth anniversary thereof; provided, however, that commencing on the fourth anniversary of the Effective Date and on each subsequent anniversary of the Effective Date (each such anniversary, a "Renewal Date"), the Employment Period shall automatically be extended for one additional year unless, not later than the date which is four months prior to such Renewal Date, the Company or the Executive shall have given notice not to extend the Employment Period.

3. POSITION AND DUTIES; PLACE OF PERFORMANCE. (a) During the Employment Period, the Executive shall serve as Executive Vice President and General Counsel of the Company, subject to election by the Board of Directors of the Company (the "Board"). The Executive shall report to the Chairman of the Board and Chief Executive Officer of the Company (the "Chief Executive Officer"). During the Employment Period, the Executive shall have those powers and duties consistent with his positions and assigned by the Chief Executive Officer, including but not limited to managing the Company's worldwide legal affairs (including law-related strategic and policy issues); organizing the hiring, development, promotion and disposition of worldwide legal staff; and hiring and firing outside counsel. During the Employment Period, the Executive shall be a member of the Company's Executive Committee. The Executive agrees to devote substantially all of his working time to the performance of his duties for the Company. Notwithstanding the foregoing sentence, it shall not be a violation of this Agreement for the Executive to serve on corporate, civic or charitable boards or committees; provided, however, that his service on corporate boards or committees shall be subject to the consent of the Company, which consent shall not be unreasonably withheld; and provided further, however, that the Company shall be deemed to have given such consent with respect to those boards and committees on which the Executive serves as of the Effective Date.

(b) The principal place of employment of the Executive shall be at the Company's principal executive offices in Atlanta, Georgia.

4. COMPENSATION AND RELATED MATTERS.

(a) BASE SALARY; MAKE-WHOLE PAYMENT; INCENTIVES. The Executive shall be entitled to the following base salary, make-whole payment and incentives:

(i) BASE SALARY. As of the Effective Date, as compensation for the performance by the Executive of his duties hereunder, the Company shall pay the Executive a base salary at an annual rate of $475,000 (the base salary, at the rate in effect from time to time, is hereinafter referred to as the "Base Salary"). The Base Salary shall be payable in accordance with the Company's normal payroll practice and may be increased from time to time at the discretion of the Compensation Committee of the Board. The Base Salary shall not be subject to reduction by the Company at any time during the Employment Period.

(ii) MAKE-WHOLE PAYMENT. The Company shall pay to the Executive a make-whole payment of $1,000,000, one-half of which shall be paid on the Effective Date and the remainder of which shall be paid on the first anniversary of the Effective Date.

(iii) ANNUAL INCENTIVE. So long as the Executive is employed by the Company, he shall be eligible to receive annual cash incentive awards (the "Annual Incentive") pursuant to and subject to the terms and conditions of the Company's Annual Performance Incentive Plan or Executive Performance Incentive Plan (or any successor plan). The Executive's Annual Incentive in respect of 2001 shall in no event be less than 80% of his target bonus for such year. The Executive's Annual Incentive in respect of 2001 and for each year after 2001 shall in no event be targeted at a percentage less than the



target percentage set for other similarly situated executive officers of the Company (the "Peer Executives").

(iv) LONG-TERM INCENTIVE. So long as the Executive is employed by the Company, he shall be eligible to receive long-term cash incentive awards (the "Long-Term Incentive") pursuant to and subject to the terms and conditions of the Company's Long Term Performance Incentive Plan (or any successor plan). The target percentage for the Executive's Long-Term Incentive for each performance period during the Employment Period shall in no event be less than the target percentage set for the Peer Executives.

(b) EQUITY GRANTS.

(i) STOCK OPTIONS. The Chief Executive Officer shall recommend to the Stock Option Subcommittee of the Board at its first meeting following the Effective Date that the Company grant to the Executive a stock option (the "Option"), pursuant to the Company's 1999 Stock Option Plan, to purchase a number of shares of the Company's common stock, par value $0.25 per share ("Common Stock") having a Black-Scholes value equal to the Black-Scholes value of the options to acquire shares of the Executive's employer (the "Current Employer") held by the Executive on the date hereof. The Black-Scholes value of the Option shall be calculated as of the Effective Date using the same methodology and assumptions utilized by the Company in valuing annual grants to all employees in 2000. The Black-Scholes value of the options to acquire shares of the Current Employer held by the Executive on the date hereof shall be calculated as of the Effective Date using the same methodology (including the methodology used to determine assumptions) utilized by the Company in valuing annual grants to all employees in 2000. Any Black-Scholes calculation made pursuant to this Agreement shall be delivered to the Executive reasonably in advance of the date of grant of the Option. The Option grant shall be reflected in an option agreement which, except as expressly provided in this Agreement, shall include the terms of the Company's standard form of option agreement as in effect on the date of grant of the Option.

(ii) RESTRICTED STOCK. The Chief Executive Officer shall recommend to the Restricted Stock Subcommittee of the Board



at its first meeting following the Effective Date that the Company grant to the Executive, pursuant to the Company's 1989 Restricted Stock Award Plan, a number of shares of Common Stock (the "Restricted Stock") having a fair market value on the Effective Date equal to the sum of (A) $2,000,000 and (B) the fair market value on the Effective Date of the number of restricted shares of Current Employer common stock held by the Executive on the date hereof. The Restricted Stock shall be reflected in a restricted stock agreement which, except as expressly provided in this Agreement, shall include the terms of the Company's standard form of restricted stock agreement as in effect on the date of grant of the Restricted Stock; provided, however, that the Restricted Stock shall be released from restriction on the earlier of (1) the third anniversary of the Effective Date or (2) certain terminations of employment, as set forth in Section 6 hereof.

(iii) FUTURE EQUITY GRANTS. At such time(s) during each year of the Employment Period that the Compensation Committee or a subcommittee thereof approves annual stock option grants and/or other equity grants to senior executives of the Company, and provided that the Executive is then still employed by the Company, the Company shall grant to the Executive equity awards according to the terms of the applicable plans, using ranges set for the Peer Executives and based upon the Executive's performance. Such future equity grants, in combination with the Option and the Restricted Stock, shall be referred to herein as the "Equity Awards".

(c) EXPENSES. During the Employment Period, the Company shall reimburse the Executive for all reasonable business expenses in accordance with applicable policies and procedures then in force. The Company acknowledges that the Executive's principal residence is located in Milton, MA and that the Executive intends to commute on a regular basis from such principal residence to the Company's headquarters in Atlanta, GA. Accordingly, for at least twelve months following the Effective Date, the Company shall reimburse the Executive, on an after-tax basis, for all travel costs and expenses incurred by the Executive in connection with commuting from his principal residence to the Company's principal executive offices. In addition, the Company shall provide for relocating his home, family and personal belongings (including a reasonable number of trips for the Executive's spouse) in the event that the Executive determines to relocate to the vicinity of the Company's principal executive offices, in accordance with the Company's current relocation policy.



(d) PENSION CREDIT. So long as the Executive has remained in the employ of the Company until the fifth anniversary of the Effective Date, he shall be eligible for pension benefits equal to the amount that he would have earned under the Company's Employee Retirement Plan and Supplemental Retirement Plan (and any successor plans), if the Executive's service had been determined as if he had been in the employ of the Company for a number of years equal to the sum of (i) his actual number of years of service with the Company and (ii) ten (such additional credit, the "Pension Credit"). Such Pension Credit shall be reduced by the amounts actually paid under such plans in accordance with their terms. The Company reserves the right to purchase annuities or such other vehicles as it may determine to fund the Pension Credit and/or to pay to the Executive, at the time of the Executive's retirement, death or Disability, a lump sum payment equal to the present value of the Pension Credit, determined using the interest rate prescribed by the Pension Benefit Guaranty Corporation for valuing immediate annuities for plans terminating in the month in which the Executive's retirement, death or Disability occurs.

(e) VACATION AND OTHER ABSENCES. The Executive shall be entitled to paid vacation and other paid absences, whether for holidays, illness, personal time or any similar purposes during the Employment Period, in accordance with policies applicable generally to senior executives of the Company. Notwithstanding the generality of the foregoing, the Executive shall be entitled to a minimum of four weeks of paid vacation per year during the Employment Period.

(f) OTHER BENEFITS. During the Employment Period, the Executive shall be eligible to participate in such other employee benefit programs and perquisite arrangements as are applicable generally to employees and/or made available to senior executives of the Company (the "Benefit Plans"), in accordance with the terms and conditions of such Benefit Plans and on a basis no less favorable than the Peer Executives, but with all waiting periods waived to the maximum extent permitted by such Benefit Plans.

5. TERMINATION. The Executive's employment hereunder may be terminated as follows:

(a) DEATH. The Executive's employment shall terminate upon his death, in which event the date of his death shall be the Date of Termination.

(b) DISABILITY. If, as a result of the Executive's incapacity due to Disability (as defined in the Company's Long Term Disability Plan), the Company shall have given the Executive a Notice of Termination for Disability, and, within



thirty days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive's services hereunder, in which event the Date of Termination shall be thirty days after Notice of Termination is given.

(c) CAUSE. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this subsection, "Cause" shall mean (i) the Executive's material breach of this Agreement, (ii) the Executive's gross negligence in the performance or non-performance of any of his material duties or responsibilities hereunder, (iii) the Executive's dishonesty, fraud or willful misconduct with respect to, or disparagement of, the business or affairs of the Company, (iv) the Executive's conviction of a felony, (v) the Executive's being absent from work for five consecutive days for any reason other than vacation, approved leave of absence (such approval not to be unreasonably withheld) or disability or illness pursuant to Company policy or law, which, in the case of clauses (i), (ii), (iii) and (v), is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. No act or failure to act by the Executive shall be considered Cause unless the Company has given detailed written notice thereof to the Executive and, where remedial action is feasible, he has failed to remedy the act or omission within twenty business days after receiving such notice.

(d) GOOD REASON. The Executive may terminate his employment hereunder for Good Reason. For purposes of this Agreement, "Good Reason" shall mean any material breach of this Agreement, the occurrence of which is not remedied by the Company within five business days following receipt of the Executive's Notice of Termination, including but not limited to the failure by the Board to elect the Executive to the positions of Executive Vice President and General Counsel at the first meeting of the Board held after the Effective Date, but in no event later than April 18, 2001. In the event of a termination for Good Reason, the Date of Termination shall be the date specified in the Notice of Termination, which shall be not less than twenty business days after the Notice of Termination is delivered.

(e) OTHER TERMINATIONS. The Company may terminate the Executive's employment hereunder other than for Cause or Disability, and the Executive may terminate his employment other than for Good Reason. If the Executive's employment is terminated pursuant to this Section 5(e), the date on which a Notice of Termination is given or any later date (within 30 days) set forth in such Notice of Termination shall be the Date of Termination.



(f) NOTICE OF TERMINATION. Any termination of the Executive's employment hereunder by the Company or by the Executive (other than termination pursuant to Section 5(a) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 15 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

6. COMPENSATION UPON TERMINATION OR DURING DISABILITY.

(a) DISABILITY PERIOD. During any portion of the Employment Period during which the Executive fails to perform his duties hereunder as a result of incapacity due to short term disability (as defined in the applicable Company plan) prior to the commencement of Disability (the "Disability Period"), the Executive shall continue to (i) receive his full Base Salary, (ii) be eligible to receive the Annual Incentive and (iii) participate in the Benefit Plans. Payments made to the Executive during the Disability Period shall be reduced by the sum of the amounts, if any, payable to the Executive at or prior to the time of any such payment under disability benefit plans of the Company or under the Social Security disability insurance program, to the extent such amounts were not previously applied to reduce any such payment.

(b) DEATH; DISABILITY. If the Executive's employment hereunder is terminated as a result of death or disability, then:

(i) the Company shall pay the Executive (or the Executive's estate or designated beneficiary, as applicable) as soon as practicable after the Date of Termination (A) any Base Salary and reimbursable expenses, in each case accrued and owing the Executive hereunder as of the Date of Termination and any incentive payments in accordance with the relevant plans, (B) all benefits due and owing to or in respect of the Executive under all Benefit Plans, in accordance with the terms of such Benefit Plans and (C) the amounts described in Section 4(a)(ii), to the extent not theretofore paid (the benefits described in this clause (i) being hereinafter referred to collectively as the "Accrued Benefits");

(ii) the Company shall continue to pay to the Executive or his estate or designated beneficiary, for a period of two years



following the Date of Termination, his Base Salary, offset by any payments made to or in respect of the Executive under the Company's Survivor's Benefit Program or Long Term Disability Plan;

(iii) the Option, Restricted Stock, and other Equity Awards shall become vested or released from restriction, as applicable (and, where relevant, remain exercisable) in accordance with the terms of the applicable plans and individual agreements; and

(iv) the Executive shall be provided with the Pension Credit.

(c) CAUSE OR BY EXECUTIVE OTHER THAN FOR GOOD REASON. If the Executive's employment hereunder is terminated by the Company for Cause or by the Executive other than for Good Reason, then:

(i) the Company shall pay the Executive the Accrued Benefits;

(ii) the Option shall become fully vested and exercisable (and shall remain exercisable in accordance with the applicable plans and individual agreements); and

(iii) if the Date of Termination occurs prior to the third anniversary of the Executive's election as an officer of the Company, the Company shall pay to the Executive, as soon as practicable but no later than 30 days following the Date of Termination, a lump sum cash payment of $1,550,000.

(d) TERMINATION BY THE COMPANY OTHER THAN FOR CAUSE OR DISABILITY OR BY THE EXECUTIVE FOR GOOD REASON. If the Executive's employment hereunder is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason, then:

(i) the Company shall pay the Executive the Accrued Benefits;

(ii) the Company shall pay the Executive an Annual Incentive payment determined, prorated and paid in accordance with the terms of the applicable plan;



(iii) the Company shall pay to the Executive, as soon as practicable but no later than 30 days following the Date of Termination, a lump sum amount equal to the sum of (A) two times the Executive's then-current Base Salary and (B) the average of the Annual Incentives paid or payable to the Executive for the three calendar years immediately preceding the year in which the Date of Termination occurs, or such lesser period during which the Executive was employed by the Company, offset by any severance paid to the Executive pursuant to any other severance pay plan or program of the Company;

(iv) (A) the Option shall become fully vested and exercisable (and shall remain exercisable in accordance with the applicable plans and individual agreements), (B) any other options to acquire Common Stock granted to the Executive shall become vested and remain exercisable in accordance with the terms of the applicable plans and individual agreements and (C) the Restricted Stock shall be released from restriction;

(v) the Company shall offer the Executive and his qualified dependents continued coverage under the Company's insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), at the Company's cost, so long as the Executive or his dependents are eligible for COBRA coverage; and

(vi) the Executive shall be provided with the Pension Credit.

7. MITIGATION. The Executive shall not be required to mitigate amounts payable pursuant to Section 6 hereof by seeking other employment or otherwise, nor shall such payments be reduced on account of any remuneration earned by the Executive attributable to employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company (other than any amounts owed by the Executive under Company benefit plans and agreements and any expenses incurred by the Company on the Executive's behalf and at the Executive's request) or otherwise.

8. INDEMNIFICATION. To the fullest extent permitted by law, the Company shall indemnify the Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including



attorneys' fees, incurred by the Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of being an officer, director or employee of the Company or any of its subsidiaries. During the Employment Period and for at least three years thereafter, the Company shall use its reasonable best efforts to maintain customary director and officer liability insurance covering the Executive for acts and omissions during the Employment Period.

9. EXECUTIVE COVENANTS. (a) During the Employment Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation, business, group or other entity (each, a "Person"):

(i) engage, as an officer, director, owner, partner, member, joint venturer, or in a managerial capacity, whether as an employee, independent contractor, consultant, advisor or sales representative, in any business engaged in the manufacture, sale or distribution of non-alcoholic beverages; or

(ii) solicit or attempt to solicit, recruit or attempt to recruit, any employee, agent or contract worker of the Company with whom the Executive had contact during the course of his employment with the Company, or

(b) For the purposes of this Section 9, references to "the Company" shall mean the Company and its direct and indirect subsidiaries.

(c) The covenants in this Section 9 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 9 relating to the time period or geographic areas of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, then this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

(d) All of the covenants in this Section 9 shall be construed as an agreement independent of any other provisions in this Agreement, and the existence of any claim or cause of action the Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants.



(e) The Executive has carefully read and considered the provisions of this Section 9 and, having done so, agrees that the restrictive covenants in this Section 9 impose a fair and reasonable restraint on the Executive and are reasonably required to protect the interests of the Company and its officers, directors, employees, and stockholders. The Executive covenants that he will not challenge the enforceability of this Section 9 nor will he raise any equitable defense to its enforcement.

10. TRADE SECRETS AND CONFIDENTIAL INFORMATION

(a) For purposes of this Section, "Confidential Information" means any data or information, other than Trade Secrets, that is valuable to the Company and not generally known to the public or to competitors of the Company. "Trade Secret" means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers 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 efforts that are reasonable under the circumstances to maintain its secrecy.

(b) The Executive acknowledges he is employed by the Company in a confidential relationship wherein he, in the course of his employment with the Company, has received or will receive and has had or will have access to Confidential Information and Trade Secrets of the Company, including but not limited to confidential and secret business and marketing plans, strategies and studies, detailed client/customer lists and information relating to the operations and business requirements of those clients/customers and accordingly, he is willing to enter into the covenants contained in Sections 9 and 10 of this Agreement in order to provide the Company with what he considers to be reasonable protection for its interest.

(c) The Executive hereby agrees that during the Employment Period and thereafter, he will hold in confidence all Confidential Information of the Company and its direct or indirect subsidiaries that came into his knowledge during his employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company.

(d) The Executive shall hold in confidence all Trade Secrets of the Company and its direct or indirect subsidiaries that came into his knowledge during



his employment by the Company and shall not disclose, publish or make use of at any time after the date hereof such Trade Secrets without the prior written consent of the Company for as long as the information remains a Trade Secret.

(e) Notwithstanding the foregoing, the provisions of this Section will not apply to (i) information required to be disclosed by the Executive in the ordinary course of his duties hereunder or (ii) Confidential Information that otherwise becomes generally known in the industry or to the public through no act of the Executive or any person or entity acting by or on the Executive's behalf, or which is required to be disclosed by court order or applicable law.

(f) The parties agree that the restrictions stated in this Section 10 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable state law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company's right under applicable state law to protect its trade secrets and confidential information.

11. INVENTIONS. The Executive agrees to promptly report and disclose to the Company all developments, discoveries, methods, processes, designs, inventions, ideas, or improvements (hereinafter collectively called "Work Product"), conceived, made, implemented, or reduced to practice by the Executive, whether alone or acting with others, during the Executive's employment with the Company, that is developed (a) on the Company's time, or (b) while utilizing, directly or indirectly, the Company's equipment, supplies, facilities, or trade secret information. the Executive acknowledges and agrees that all Work Product is the sole and exclusive property of the Company. The Executive agrees to assign, and hereby automatically assigns, without further consideration, to the Company any and all rights, title, and interest in and to all Work Product; provided however, that this Section shall not apply to any Work Product for which no equipment, supplies, facilities, or trade secret information of the Company was used and which was developed entirely on the Executive's own time, unless the Work Product (a) relates directly to the Company's business or its actual or demonstrably anticipated research or development, or (b) results from any work performed by the Executive for the Company. The Company, its successors and assigns, shall have the right to obtain and hold in its or their own name copyright registrations, trademark registrations, patents and any other protection available to the work Product. The Executive agrees to perform, upon the reasonable request of the Company, during or after employment, such further acts as may be necessary or desirable to transfer, perfect, and defend the Company's ownership of the Work Product.



12. RETURN OF COMPANY PROPERTY. All records, designs, patents, business plans, financial statements, manuals, memoranda, customer lists, customer database, rolodex and other property delivered to or compiled by the Executive by or on behalf of the Company (including the respective subsidiaries thereof) or its representatives, vendors or customers which pertain to the business of the Company (including the respective subsidiaries thereof) shall be and remain the property of the Company, and be subject at all times to its discretion and control. Upon the request of the Company and, in any event, upon the termination of the Executive's employment with the Company, the Executive shall deliver all such materials to the Company. Likewise, all correspondence, reports, records, charts, advertising materials and other similar data pertaining to the business, activities or future plans of the Company which are collected by the Executive shall be delivered promptly to the Company without request by it upon termination of the Executive's employment.

13. EQUITABLE REMEDY. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the covenants set forth in Sections 9, 10, 11 and 12, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company at law or equity, the Company shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for my breach or threatened breach of the Executive's covenants.

14. SUCCESSORS; BINDING AGREEMENT.

(a) COMPANY'S SUCCESSORS. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the business and/or assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the business and/or assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. Prior to any such succession, the Company will require any such successor expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and shall include any successor to its business and/or assets as aforesaid which executes and



delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement.

(b) EXECUTIVE'S SUCCESSORS. This Agreement shall not be assignable by the Executive. This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. Upon the Executive's death, all amounts to which he is entitled hereunder, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

15. NOTICE. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Deval L. Patrick
75 Hinckley Road
Milton, MA 02186

If to the Company:

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, GA 30313

Attention: Chief Executive Officer

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. MISCELLANEOUS. No provisions of this Agreement may be modified unless such modification is agreed to in writing signed by the Executive and an authorized officer of the Company. Any waiver or discharge must be in writing and signed by the Executive or such an authorized officer of the Company, as



the case may be. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without regard to its conflicts of law principles.

17. WITHHOLDING. Any payments provided for in this Agreement shall be paid net of any applicable withholding of taxes required under federal, state or local law.

18. ARBITRATION; LEGAL FEES. Except as otherwise provided herein, all controversies, claims or disputes arising out of or related to this Agreement shall be settled in Atlanta, GA, under the rules of the American Arbitration Association then in effect, and judgment upon such award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. The costs

of the arbitration shall be borne by the Company. The Company shall pay the reasonable legal fees and disbursements incurred by the Executive in connection with the negotiation and preparation of this Agreement, subject to a maximum amount of $25,000. In addition, the Company agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provisions of this Agreement (including as a result of any contest initiated by the Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended.

19. VALIDITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

20. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. ENTIRE AGREEMENT. This Agreement (together with any option and restricted stock agreements evidencing the awards contemplated hereby) set forth the entire agreement of the parties hereto in respect of the subject matter contained



herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by the parties hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on February 21, 2001 to be effective as of the Effective Date.

THE COCA-COLA COMPANY

/s/ DOUGLAS N. DAFT
-------------------------------------
Name: /S/ DOUGLAS N. DAFT
Title: Chairman and CEO

/S/ DEVAL L. PATRICK
-------------------------------------
Executive

EXHIBIT 10-3

THE COCA-COLA COMPANY
Coca-Cola Plaza
Atlanta, Georgia

ADDRESS REPLY TO
P.O. Drawer 1734
Atlanta, GA 30301
-----
404-676-2122

March 2, 2001

VIA HAND DELIVERY

Mr. Steven J. Heyer
3565 Tuxedo Avenue, N.W.
Atlanta, GA 30305

Dear Steve:

It is my pleasure to extend to you an offer of employment with The Coca-Cola Company (the "Company") upon the terms set forth in the attached term sheet. This offer will remain open for your acceptance until 6:00 p.m. (E.S.T.) April 1, 2001, and anticipates your becoming an employee by April 18 , 2001. Please signify your acceptance of such employment by signing as indicated below. This letter agreement may be executed in counterparts.

/s/ DOUGLAS N. DAFT
--------------------------------------
Douglas N. Daft
Chairman of the Board of Directors and
Chief Executive Officer

/s/ STEVEN J. HEYER
- --------------------------
Steven J. Heyer

Date: March 22, 2001

Terms of
Employment between
Steven J. Heyer ("Executive") and
The Coca-Cola Company ("Company")
March 2, 2001

1. POSITION AND DUTIES; PLACE OF PERFORMANCE: (a) During the Employment Period (as defined below), the Executive shall serve as Executive Vice President of the Company and President, Coca-Cola Company Ventures, subject to election by the Board of Directors of the Company (the "Board"). The Executive shall report to the Chairman of the Board and Chief Executive Officer of the Company (the "Chief Executive Officer"). During the Employment Period, the Executive shall have those powers and duties consistent with his positions and assigned by the Chief Executive Officer, including, but not limited to leading Company joint venture or acquisition, innovation and incubation activities and acting as a Coca-Cola Company member of Boards of Company joint ventures. Working with the CEO and other executive officers, the Executive will also lead and direct the Company's marketing, long range planning and strategy development process. During the Employment Period, the Executive shall be a member of the Company's Executive Committee. The Executive agrees to devote substantially all of his working time to the performance of his duties for the Company, provided that Executive shall be entitled to serve on corporate, charitable and civic boards to the extent such activities do not materially interfere with the performance of his duties hereunder. Effective no later than the first regularly-scheduled Company Board of Directors meeting which occurs on or after the date of the commencement of Executive's employment, Executive

will be elected, designated or appointed to the foregoing.

2. EMPLOYMENT PERIOD: The period during which the Executive is employed by the Company hereunder (the "Employment Period") is anticipated to commence no later than April 18, 2001 (such commencement of employment, the "Effective Date") and shall end on the fifth anniversary thereof; provided however, that commencing on the fourth anniversary of the Effective Date (each such anniversary, a "Renewal Date"), the Employment Period shall automatically be extended for one additional year unless, no later than the date which is four months prior to such Renewal Date, the Company or the Executive shall have given notice not to extend the Employment Period.



3. ANNUAL SALARY: $850,000 for 2001, subject to increase (but not decrease) thereafter.

4. ANNUAL INCENTIVE: So long as the Executive is employed by the Company, he shall be eligible to receive annual cash incentive awards (the "Annual Incentive") pursuant to and subject to the terms and conditions of the Company's Annual Performance Incentive Plan or Executive Performance Incentive Plan (or any successor or companion plan). The Executive's Annual Incentive paid in respect of 2001 shall in no event be less than 80% of his target Annual Incentive for such year. The Executive's Annual Incentive in respect of 2001 and for each year after 2001 shall be determined on the basis of Company and individual performance and shall in no event be targeted at a percentage less than the target percentage set for other senior executive officers nor shall the target and opportunity for future awards be less than the initial target and opportunity. In the event of termination of employment for any reason other than a termination for Cause or a resignation other than for Good Reason during any subsequent bonus year, a pro rata portion of the annual performance bonus shall be paid after qualifying Company performance has been certified.

5. ANNUAL PERFORMANCE LTIP AND EQUITY BASED INCENTIVE COMPENSATION:

(a) LONG-TERM INCENTIVE. So long as the Executive is employed by the Company, he shall be eligible to receive long-term cash incentive awards (the "Long-Term Incentive") pursuant to and subject to the terms and conditions of the Company's Long Term Performance Incentive Plan (or any successor or companion plan). The target percentage for the Executive's Long-Term Incentive for each performance period during the Employment Period shall in no event be less than the target percentage set for senior executive officers nor shall the target and opportunity for future awards be less than the initial target and opportunity. In the event of termination of employment for any reason other than a termination for Cause or a resignation other than for Good Reason, a pro rata portion of the each on-going LTIP award shall be paid after qualifying Company performance has been certified.

(b) FUTURE EQUITY GRANTS. At such time(s) during each year of the Employment Period that the Compensation Committee or a subcommittee thereof approves annual stock option grants to senior executive officers of the Company, and provided that the Executive is then still employed by the Company, the Chief Executive Officer shall recommend to the Compensation Committee a grant for the Executive of stock options (and/or other equity) according to the terms of the applicable plans, within an award value range (based upon a Black Scholes valuation) of $9 to $12 million subject to discretion of the Compensation Committee. It is the Company's expectation that as long as the



performance of the Company and the Executive are within a reasonable range, that awards within this range will be made.

(c) All performance and equity based awards and other benefits provided to Executive shall vest, remain exercisable and/or become payable upon a change in control as provided in the applicable plans, the provisions shall be no less favorable to Executive than those applicable to other senior executive officers.

6. GROUP/EXECUTIVE BENEFITS: During the Employment Period, the Executive shall be eligible to participate in such other employee benefit programs and perquisite arrangements as are applicable generally to employees and/or

made available to senior executives of the Company (the "Benefit Plans"), in accordance with the terms and conditions of such Benefit Plans and on a basis no less favorable than the other senior executive officers, but with all waiting periods waived to the maximum extent permitted by such Benefit Plans. Executive will generally have access to a Company plane for business travel and Executive and Family will have access to a Company plane on an "as available" basis for other than business travel, assuming all planes are not needed for business purposes, with obligation to reimburse for personal use based upon first class airfare.

7. SUPPLEMENTAL PENSION:

(a) The Executive shall be eligible for pension benefits equal to the amount that he would have earned under the Company's Employee Retirement Plan and Supplemental Retirement Plan (and any successor or companion plans), if the Executive's service had been determined as if he had been in the employ of the Company for a number of years equal to the sum of (i) his actual number of years of service with the Company and (ii) ten (10) (the "Pension Credit"). Such Pension Credit shall be reduced by the amounts actually paid under such plans in accordance with their terms. The Company reserves the right to purchase annuities or such other vehicles as it may determine to fund the Pension Credit and/or to pay to the Executive, at the time of the Executive's retirement, death or Disability, a lump sum payment equal to the present value of the Pension Credit, determined using the interest rate prescribed by the Pension Benefit Guaranty Corporation for valuing immediate annuities for plans terminating in the month in which the Executive's retirement, death or Disability occurs.

(b) The Pension Credit shall not be payable under this item 7 if, prior to the fifth anniversary of the commencement of employment, Executive's employment is terminated by the Company for Cause or by the Executive without Good Reason.



8. HIRING INDUCEMENT; MAKE WHOLE.

(a) RESTRICTED STOCK. Executive shall receive a restricted stock award for 50,000 shares cliff vesting on the fifth anniversary of the date of grant, subject to release in full in the event of termination of employment for any reason other than a termination for Cause or a resignation other than for Good Reason.

(b) PERFORMANCE GRANT. Executive shall receive a five-year performance restricted stock award for 125,000 shares vesting in accordance with established performance criteria. In the event of termination of employment for any reason other than a termination for Cause or a resignation other than for Good Reason, a pro rata portion of the performance restricted stock shall be released after qualifying Company performance has been certified.

(c) SIGN-ON. Executive shall be entitled to receive $1,000,000, of which $500,000 shall be paid in cash no later than 10 business days after commencement of employment and the remainder shall be paid on the first anniversary of commencing employment (the "Deferred Sign-On Payment"). In the event of termination of employment for any reason other than a termination for Cause or a resignation other than for Good Reason prior to payment of the $1,000,000 in full, any unpaid amount shall be paid within five (5) business days of such termination.



(d) STOCK OPTIONS. The Chief Executive Officer shall recommend to the Stock Option Subcommittee of the Board at its first meeting coinciding with or next following the Effective Date that the Company grant to the Executive a stock option (the "Option"), pursuant to the Company's 1999 Stock Option Plan, to purchase a number of shares of the Company's common stock, par value $0.25 per share ("Common Stock") having a Black-Scholes value equal to 1) the Black-Scholes value of the unvested options to acquire shares of the Executive's employer (the "Current Employer") held by the Executive on the date hereof and 2) the value of lost LTIP participation at his former employer. The Black-Scholes value of the Option shall be calculated as of the Effective Date using the same methodology and assumptions utilized by the Company in valuing annual grants to all employees in 2000. The Black-Scholes value of the options to acquire shares of the current employer held by the Executive on the date hereof shall be calculated as of the Effective Date using the same methodology (including the methodology used to determine assumptions) utilized by the Company in valuing annual grants to employees in 2000. Any Black-Scholes calculation made pursuant to this Agreement shall be delivered to the Executive reasonably in advance of the date of grant of the Option. The Option grant shall be reflected in an option agreement which shall include the terms of the Company's standard form of option agreement as in effect on the date of grant of the Option.

9. TERMINATION FOR CAUSE OR BY EXECUTIVE OTHER THAN FOR GOOD REASON. If the Executive's employment hereunder is terminated by the Company for Cause or by the Executive other than for Good Reason, then the Option shall become fully vested and exercisable for a period of six months in accordance with the applicable plans and individual agreements and; other option awards that are vested upon the termination date will remain exercisable for a period of six months, as provided by the plan and applicable agreements.

10. TERMINATION BY THE COMPANY OTHER THAN FOR CAUSE OR DISABILITY OR BY THE EXECUTIVE FOR GOOD REASON.: If the Executive's employment hereunder is terminated by the Company other than for Cause or disability (as defined under the Company's long-term disability plan) or by the Executive for Good Reason, then:

(i) the Company shall pay the Executive an Annual Incentive payment determined, prorated and paid in accordance with the terms of the applicable plan(s);

(ii) the Company shall pay to the Executive, as soon as practicable but no later than 30 days following the Date of Termination, a lump sum amount equal to (A) any unpaid Deferred Sign-On Payment plus (B)



three times the sum of (1) the Executive's then-current Base Salary and (2) the average of the Annual Incentives paid or payable to the Executive for the three calendar years immediately preceeding the year in which the Date of Termination occurs, or such lesser period during which the Executive was employed by the Company, offset by (C) any severance paid to the Executive pursuant to any other severance pay plan or program of the Company.

(iii)(A) the Option shall become fully vested and exercisable (and shall remain exercisable in accordance with the applicable plans and individual agreements), (B) any other options to acquire Common Stock granted to the Executive shall become vested and remain exercisable in accordance with the terms of the applicable plans and individual agreements, (C) the 50,000 Restricted Stock award shall be released from restriction and (D) other restricted stock awards shall be considered in accordance with the terms of the applicable plans and individual agreements;

(iv) the Company shall offer the Executive and his qualified dependents continued coverage under the Company's insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), at the Company's cost, so long as the Executive or his dependents are eligible for COBRA coverage; and

(v) the Executive shall be provided with the Pension Credit, provided, that for purposes thereof the amounts described in clause 10(ii) above shall be deemed paid under a severance policy and thereby taken into account in determining Executive's final average compensation.

11. MITIGATION: The Executive shall not be required to mitigate any amounts payable hereunder by seeking other employment or otherwise, nor shall such payments be reduced on account of any remuneration earned by the Executive attributable to employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company (other than any amounts owed by the Executive under Company benefit plans and agreements and any expenses incurred by the Company on the Executive's behalf and at the Executive's request) or otherwise.

12. TERMINATION BY EXECUTIVE: Executive may, by at least 30 days prior written notice, voluntarily terminate this agreement without liability at any time without Good Reason.

13. FEES AND EXPENSES: The Company will pay all reasonable legal fees not to exceed $25,000 and related expenses incurred by Executive in connection with the negotiation and preparation of the employment agreement. In addition, the Company shall indemnify and hold harmless the Executive from any reasonable attorneys fees, Executive may incur or be liable for as a result of his resignation from his former employer to commence employment with the Company. The Company shall also pay all reasonable attorneys fees and expenses incurred by Executive in connection with any dispute between the Company and Executive regarding the validity or enforceability of, or liability under this Agreement.

14. BINDING OF SUCCESSORS: The Company will cause any successor to all or substantially all of its business and/or assets expressly to assume and agree to perform Executive's employment agreement in the same manner and to the same extent that the Company is required to perform hereunder.

15. CAUSE. The Company may terminate the Executive's employment for Cause. For purposes hereof, "Cause" shall mean (i) the Executive's material breach of this Agreement, (ii) the Executive's gross negligence in the performance or non-performance of any of his material duties or responsibilities hereunder, (iii) the Executive's dishonesty, fraud or willful misconduct with respect to, or willful disparagement of, the business or affairs of the Company, (iv) the Executive's conviction of a felony, (v) the Executive's being absent from work for twenty (20) consecutive days for any reason other than vacation, approved leave of absence (such approval not to be unreasonably withheld) or disability or illness pursuant to Company policy or law. No act or failure to act by the Executive shall be considered Cause unless the Company has given detailed written notice thereof to the Executive and, where remedial action is feasible, he has failed to remedy the act or omission within twenty (20) business days after receiving such notice.

16. GOOD REASON. The Executive may terminate his employment for "Good Reason". For this purpose, "Good Reason" shall mean, without Executive's consent, (a) the assignment to Executive of any duties inconsistent in any material respect with Executive's position, authority, duties or responsibilities as contemplated hereunder, or any other action by the Company which results in a significant diminution in such position, authority, duties or responsibilities, excluding any isolated and inadvertent action not taken in bad faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive; (b) any failure by the



Company to comply with any of the provisions of terms of Executive's employment other than an isolated and inadvertent failure not committed in bad faith and which is remedied by the Company within ten (10) days after receipt of notice thereof given by Executive; (c) Executive being required to relocate to a principal place of employment more than twenty-five (25) miles from Executive's current principal place of employment; or (d) delivery by the Company of a notice discontinuing the automatic extension feature of the term of Executive's employment as set forth in Section 2 hereof.

17. EXECUTIVE COVENANTS. (a) During the Employment Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation, business, group or other entity (each, a "Person"):

    (i) engage, as an officer, director, owner, partner, member, joint venturer, or in a managerial capacity, whether as an employee, independent contractor, consultant, advisor or sales representative, in any business engaged in the manufacture, sale or distribution of non-alcoholic beverages; or

    (ii) solicit or attempt to solicit, recruit or attempt to recruit, any employee, agent or contract worker of the Company with whom the Executive had contact during the course of his employment with the Company.

    (b) For the purposes of this Section, references to "the Company" shall mean the Company and its direct and indirect subsidiaries and/or any Company joint ventures or incubators.

(c) The covenants in this Section are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 1 relating to the time period or geographic areas of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, then this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

(d) All of the covenants in this Section shall be construed as an agreement independent of any other provisions in this Agreement, and the existence of any claim or cause of action the Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants.



(e) The Executive has carefully read and considered the provisions of this Section and, having done so, agrees that the restrictive covenants in this Section impose a fair and reasonable restraint on the Executive and are reasonably required to protect the interests of the Company and its officers, directors, employees, and stockholders. The Executive covenants that he will not challenge the enforceability of this Section nor will he raise any equitable defense to its enforcement.

18. TRADE SECRETS AND CONFIDENTIAL INFORMATION

(a) For purposes of this Section, "Confidential Information" means any data or information, other than Trade Secrets, that is valuable to the Company and not generally known to the public or to competitors of the Company. "Trade Secret" means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers 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 efforts that are reasonable under the circumstances to maintain its secrecy.

(b) The Executive acknowledges he is employed by the Company in a confidential relationship wherein he, in the course of his employment with the Company, has received or will receive and has had or will have access to Confidential Information and Trade Secrets of the Company, including but not limited to confidential and secret business and marketing plans, strategies and studies, detailed client/customer lists and information relating to the operations and business requirements of those clients/customers and accordingly, he is willing to enter into the covenants contained in Sections 17 and 18 of this Agreement in order to provide the Company with what he considers to be reasonable protection for its interest.

(c) The Executive hereby agrees that during the Employment Period and thereafter, he will hold in confidence all Confidential Information of the Company and its direct or indirect subsidiaries that came into his knowledge during his employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company.



(d) The Executive shall hold in confidence all Trade Secrets of the Company and its direct or indirect subsidiaries that came into his knowledge during his employment by the Company and shall not disclose, publish or make use of at any time after the date hereof such Trade Secrets without the prior written consent of the Company for as long as the information remains a Trade Secret.

(e) Notwithstanding the foregoing, the provisions of this Section will not apply to (i) information required to be disclosed by the Executive in the ordinary course of his duties hereunder or (ii) Confidential

Information that otherwise becomes generally known in the industry or to the public through no act of the Executive or any person or entity acting by or on the Executive's behalf, or which is required to be disclosed by court order or applicable law.

(f) The parties agree that the restrictions stated in this Section 18 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable state law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company's right under applicable state law to protect its trade secrets and confidential information.

19. INVENTIONS. The Executive agrees to promptly report and disclose to the Company all developments, discoveries, methods, processes, designs, inventions, ideas, or improvements (hereinafter collectively called "Work Product"), conceived, made, implemented, or reduced to practice by the Executive, whether alone or acting with others, during the Executive's employment with the Company, that is developed (a) on the Company's time, or (b) while utilizing, directly or indirectly, the Company's equipment, supplies, facilities, or trade secret information. the Executive acknowledges and agrees that all Work Product is the sole and exclusive property of the Company. The Executive agrees to assign, and hereby automatically assigns, without further consideration, to the Company any and all rights, title, and interest in and to all Work Product; provided however, that this Section shall not apply to any Work Product for which no equipment, supplies, facilities, or trade secret information of the Company was used and which was developed entirely on the Executive's own time, unless the Work Product (a) relates directly to the Company's business or its actual or demonstrably anticipated research or development, or (b) results from any work performed by the Executive for the Company. The Company, its successors and assigns, shall have the right to obtain and hold in its or their own name copyright registrations, trademark registrations, patents and any other protection available to the work Product. The Executive agrees to perform, upon the reasonable request of the Company, during or after employment, such further acts as may be necessary or desirable to transfer, perfect, and defend the Company's ownership of the Work Product.



20. RETURN OF COMPANY PROPERTY. All records, designs, patents, business plans, financial statements, manuals, memoranda, customer lists, customer database, rolodex and other property delivered to or compiled by the Executive by or on behalf of the Company (including the respective subsidiaries thereof) or its representatives, vendors or customers which pertain to the business of the Company (including the respective subsidiaries thereof) shall be and remain the property of the Company, and be subject at all times to its discretion and control. Upon the request of the Company and, in any event, upon the termination of the Executive's employment with the Company, the Executive shall deliver all such materials to the Company. Likewise, all correspondence, reports, records, charts, advertising materials and other similar data pertaining to the business, activities or future plans of the Company which are collected by the Executive shall be delivered promptly to the Company without request by it upon termination of the Executive's employment.

21. EQUITABLE REMEDY. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the covenants set forth in Sections 17, 18, 19 and 20, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company at law or equity, the Company shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for my breach or threatened breach of the Executive's covenants.

22. NOTICE. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt re-quested, postage prepaid, addressed as follows:

If to the Executive:

Mr. Steven J. Heyer
3565 Tuxedo Avenue, N.W.
Atlanta, Georgia 30305

If to the Company:

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, GA 30313
Attention: Chief Executive Officer

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

23. MISCELLANEOUS. No provisions of this Agreement may be modified unless such modification is agreed to in writing signed by the Executive and an authorized officer of the Company. Any waiver or discharge must be in writing and signed by the Executive or such an authorized officer of the Company, as the case may be. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without regard to its conflicts of law principles.

24. WITHHOLDING. Any payments provided for in this Agreement shall be paid net of any applicable withholding of taxes required under federal, state or local law.

25. VALIDITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

26. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

27. ENTIRE AGREEMENT. This Agreement (together with any option and restricted stock agreements which may evidence the awards contemplated hereby) set forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by the parties hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and canceled.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on March ___, 2001 to be effective as of the Effective Date.

THE COCA-COLA COMPANY

By: /s/ DOUGLAS N. DAFT
Name:-------------------
Title:------------------

/s/ STEVEN J. HEYER
- ------------------------
Executive

Exhibit 12

THE COCA-COLA COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(In millions except ratios)

<TABLE>
<CAPTION>

| | Three Months Ended March 31, | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|
| | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| EARNINGS: | | | | | | |
| Income before income taxes and changes in accounting principles | $ 1,247 | $ 3,399 | $ 3,819 | $ 5,198 | $ 6,055 | $ 4,596 |
| Fixed charges | 101 | 489 | 386 | 320 | 300 | 324 |
| Adjustments: | | | | | | |
| Capitalized interest, net | (2) | (11) | (18) | (17) | (17) | (7) |
| Equity income or loss, net of dividends | 53 | 380 | 292 | 31 | (108) | (89) |
| Adjusted earnings | $ 1,399 | $ 4,257 | $ 4,479 | $ 5,532 | $ 6,230 | $ 4,824 |
| FIXED CHARGES: | | | | | | |
| Gross interest incurred | $ 93 | $ 458 | $ 355 | $ 294 | $ 275 | $ 293 |
| Interest portion of rent expense | 8 | 31 | 31 | 26 | 25 | 31 |
| Total fixed charges | $ 101 | $ 489 | $ 386 | $ 320 | $ 300 | $ 324 |
| Ratios of earnings to fixed charges | 13.9 | 8.7 | 11.6 | 17.3 | 20.8 | 14.9 |

At March 31, 2001, our Company is contingently liable for guarantees of indebtedness owed by third parties in the amount of $367 million. Fixed charges for these contingent liabilities have not been included in the computations of the above ratios as the amounts are immaterial and, in the opinion of management, it is not probable that our Company will be required to satisfy the guarantees.

</TABLE>

March 31, 2001

Mr. Jack L. Stahl
Atlanta, Georgia

Dear Jack:

This letter outlines the terms under which you will separate from The Coca-Cola Company. You have resigned as President and Chief Operating Officer on March 4, 2001. You have agreed to remain an employee until the date hereof (the "Separation Date").

The Board of Directors has accepted your resignation and the terms and conditions described in this letter have been approved by the Compensation Committee (or the appropriate Subcommittee) of the Board.

As soon as reasonably practical after the Separation Date, you will receive a payment of $3.5 million. All stock option grants, except the retention grant made in February 2000 which will be forfeited, will fully vest (if not already vested) on the Separation Date. Options granted before 1997 will remain exercisable according to their terms. Options granted in October 1997, October 1999 and October 2000 will remain exercisable for the seven-year period beginning on the Separation Date, unless they expire earlier according to their terms.

You will not be entitled to any bonus for the year 2001.

You will receive a payment of $153,000 in lieu of any payment under the Company's Long Term Incentive Plans.

Restrictions on your restricted stock grants will be released except for the performance grant made in October 2000 which will be forfeited. Restrictions on 203,000 of the restricted shares (oldest grants being released first) will be released on the Separation Date and restrictions on the remaining 203,000 shares will be released on December 31, 2001, provided that, if you do not comply in all respects with the terms of this letter the remaining shares shall all be forfeited. The determination of whether you have complied in all respects with this letter is solely within the discretion of the Compensation Committee acting in good faith. Additionally, you will receive a cash payment for any gross up for taxes which may be due to you under the terms of particular grants from the 1983 Restricted Stock Plan.

As soon as reasonably practical after the Separation Date you will receive a lump sum distribution of your Supplemental Thrift Plan and Compensation Deferral and Investment Plan accounts.



The Company will reimburse you for the cost of your COBRA continuation of benefit coverage until the earlier of the eighteen-month anniversary of the Separation Date and your obtaining employment which provides medical coverage.

From May 1, 2001 until April 30, 2002 the Company will provide you with suitable office space and secretarial services. The Company will reimburse you for any out-of-pocket expenses authorized by and incurred on behalf of the Company.

Please note that any personal (i.e., non-Company-related) use of the office and secretarial services will result in imputed income to you.

Your retirement benefits will consist of those benefits already vested. Those benefits consist of $20,567 monthly beginning at age 65 or, if you so elect, $10,694 monthly beginning at age 55.

In return for the payments, benefits and actions delivered within this letter you agree not to be engaged by or provide services, information or consultation to any company which operates commercially in the nonalcoholic beverage industry, beginning as of the date of this letter and ending on May 1, 2004. You agree to keep confidential all confidential information relating to the business of the Company and not to disparage the Company, its officers or employees. Disparagement means negative oral statements to the media which can be accurately demonstrated in fact to be attributable to you or negative statements in publications which can be accurately demonstrated in fact to be attributable to you.

We appreciate your long and loyal service on behalf of The Coca-Cola Company.

On behalf of the Board

| | |
|---|---|
| /S/ HERBERT A. ALLEN | /S/ DOUGLAS N. DAFT |
| Herbert A. Allen<br>Chairman, Compensation Committee<br>The Board of Directors of<br>The Coca-Cola Company | Douglas N. Daft<br>Chairman of the Board &<br>Chief Executive Officer<br>The Coca-Cola Company |

Agreed and accepted this 27 day of March, 2001

/S/ JACK L. STAHL

Jack L. Stahl

Exhibit 10.4