10-Q 1 koq630.txt THE COCA-COLA COMPANY 2ND QUARTER 2003 FORM 10-Q

== 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 June 30, 2003 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 (IRS Employer incorporation or organization) Identification No.) One Coca-Cola Plaza 30313 Atlanta, Georgia (Zip Code) (Address of principal executive offices) 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 by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 July 25, 2003 --------------------- ---------------------------- $.25 Par Value 2,457,779,425 Shares

== THE COCA-COLA COMPANY AND SUBSIDIARIES Index Part I. Financial Information Page Number Item 1. Financial Statements (Unaudited) Condensed Consolidated Statements of Income Three and six months ended June 30, 2003 and 2002 3 Condensed Consolidated Balance Sheets June 30, 2003 and December 31, 2002 5 Condensed Consolidated Statements of Cash Flows Six months ended June 30, 2003 and 2002 7 Notes to Condensed Consolidated Financial Statements 8 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 24 Item 3. Quantitative and Qualitative Disclosures About Market Risk 39 Item 4. Controls and Procedures 39 Part II. Other Information Item 6. Exhibits and Reports on Form 8-K 40 2 Part I. Financial Information Item 1. Financial Statements (Unaudited)

THE COCA-COLA COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) (In millions except per share data) Three Months Ended June 30, Six Months Ended June 30, ------------------------------- ------------------------- 2003 2002 2003 2002 -------- -------- -------- -------- ~~NET OPERATING REVENUES $ 5,691 $ 5,368 $ 10,189 $ 9,447 Cost of goods sold 2,113 1,927 3,715 3,321 -------- -------- -------- -------- GROSS PROFIT 3,578 3,441 6,474 6,126 Selling, general and administrative expenses 1,906 1,881 3,567 3,408 Other operating charges 70 - 229 - -------- -------- -------- -------- OPERATING INCOME 1,602~~

~~1,560 2,678 2,718 Interest income 45 52 101 110 Interest expense 43 58 88 104 Equity income (loss) - net 190 176 239 237 Other income (loss) - net (44) (55) (57) (230) -------- -------- -------- -------- INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE 1,750 1,675 2,873 2,731 Income taxes 388 452 676 776 -------- -------- -------- -------- NET INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE 1,362 1,223 2,197 1,955 Cumulative effect of accounting change for SFAS No. 142, net of income taxes: Company operations - - - (367) Equity investees - - - (559) -------- -------- -------- -------- NET INCOME $ 1,362 $ 1,223 $ 2,197 $ 1,029~~

~~======== ======== ======== ========~~

~~BASIC NET INCOME PER SHARE (1): Before accounting change $ .55 $ .49 $ .89 $ .79 Cumulative effect of accounting change - - - (.37) -------- -------- -------- -------- $ .55 $ .49 $ .89 $ .41~~

~~======== ========~~

3 THE COCA-COLA COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In millions except per share data)

Three Months Ended June 30, Six Months Ended June 30, --- 2003 2002 2003 2002 -------- -------- -------- --------

~~DILUTED NET INCOME PER SHARE (1): Before accounting change $ .55 $ .49 $ .89 $ .79 Cumulative effect of accounting change - - - (.37) -------- -------- -------- -------- $ .55 $ .49 $ .89 $ .41~~

~~DIVIDENDS PER SHARE $ .22 $ .20 $ .44 $ .40~~

~~AVERAGE SHARES OUTSTANDING 2,463 2,479 2,466 2,480 Dilutive effect of stock options 3 8 3 6 -------- -------- -------- -------- Average Shares Outstanding Assuming Dilution 2,466 2,487 2,469 2,486~~

~~See Notes to Condensed Consolidated Financial Statements. (1) The sum of Basic~~

~~and Diluted Net Income Per Share Before Accounting Change and Cumulative Effect of Accounting Change for the six months ended June 30, 2002 does not agree to reported Basic and Diluted Net Income Per Share due to rounding.~~

4 THE COCA-COLA COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (In millions except share data) ASSETS June 30, December 31, 2003 2002 ---------- ------------ CURRENT Cash and cash equivalents $ 3,324 $ 2,126 Marketable securities 236 219 ---------- ---------- 3,560 2,345 Trade accounts receivable, less allowances of $59 at June 30 and $55 at December 31 2,341 2,097 Inventories 1,458 1,294 Prepaid expenses and other assets 1,866 1,616 ---------- ---------- TOTAL CURRENT ASSETS 9,225 7,352 ---------- ---------- INVESTMENTS AND OTHER ASSETS Equity method investments Coca-Cola Enterprises Inc. 1,084 972 Coca-Cola Hellenic Bottling Company S.A. 1,066 872 Coca-Cola FEMSA, S.A. de C.V. 849 347 Coca-Cola Amatil Limited 589 492 Other, principally bottling companies 1,573 2,054 Cost method investments, principally bottling companies 252 254 Other assets 2,978 2,694 ---------- ---------- 8,391 7,685 ---------- ---------- PROPERTY, PLANT AND EQUIPMENT Land 422 385 Buildings and improvements 2,559 2,332 Machinery and equipment 6,278 5,888 Containers 399 396 ---------- ---------- 9,658 9,001 Less allowances for depreciation 3,399 3,090 ---------- ---------- 6,259 5,911 ---------- ---------- TRADEMARKS WITH INDEFINITE LIVES 1,879 1,724 GOODWILL AND OTHER INTANGIBLE ASSETS 2,195 1,829 ---------- ---------- TOTAL ASSETS $ 27,949 $ 24,501 ========== ========== 5 THE COCA-COLA COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (In millions except share data) LIABILITIES AND SHARE-OWNERS' EQUITY June 30, December 31, 2003 2002 ---------- ------------ CURRENT Accounts payable and accrued expenses $ 4,596 $ 3,692 Loans and notes payable 2,801 2,475 Current maturities of long-term debt 485 180 Accrued income taxes 1,199 994 ---------- ---------- TOTAL CURRENT LIABILITIES 9,081 7,341 ---------- ---------- LONG-TERM DEBT 2,550 2,701 ---------- ---------- OTHER LIABILITIES 2,488 2,260 ---------- ---------- DEFERRED INCOME TAXES 296 399 ---------- ---------- SHARE-OWNERS' EQUITY Common stock, $.25 par value Authorized: 5,600,000,000 shares Issued: 3,492,391,383 shares at June 30; 3,490,818,627 shares at December 31 873 873 Capital surplus 4,119 3,857 Reinvested earnings 25,617 24,506 Accumulated other comprehensive income (loss) (2,199) (3,047) ---------- ---------- 28,410 26,189 Less treasury stock, at cost (1,031,977,112 shares at June 30; 1,019,839,490 shares at December 31) 14,876 14,389 ---------- ---------- 13,534 11,800 ---------- ---------- TOTAL LIABILITIES AND SHARE-OWNERS' EQUITY $ 27,949 $ 24,501 ========== ========== See Notes to Condensed Consolidated Financial Statements. 6 THE COCA-COLA COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (In millions) Six Months Ended June 30, ---------------------- 2003 2002 -------- -------- OPERATING ACTIVITIES Net income $ 2,197 $ 1,029 Depreciation and amortization 411 398 Stock-based compensation expense 222 217 Deferred income taxes (219) (196) Equity income or loss, net of dividends (169) (173) Foreign currency adjustments (108) 16 Gains on sale of assets, including bottling interests (14) (8) Cumulative effect of accounting change - 926 Other operating charges 196 - Other items 167 203 Net change in operating assets and liabilities (553) (256) -------- -------- Net cash provided by operating activities 2,130 2,156 -------- -------- INVESTING ACTIVITIES Acquisitions and investments, principally trademarks and bottling companies (205) (267) Purchases of investments and other assets (55) (62) Proceeds from disposals of investments and other assets 130 46 Purchases of property, plant and equipment (398) (374) Proceeds from disposals of property, plant and equipment 47 35 Other investing activities 17 36 -------- -------- Net cash used in investing activities (464) (586) -------- -------- FINANCING ACTIVITIES Issuances of debt 932 1,189 Payments of debt (614) (1,272) Issuances of stock 24 85 Purchases of stock for treasury (433) (301) Dividends (545) (497) -------- -------- Net cash used in financing activities (636) (796) -------- -------- EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS 168 31 -------- -------- CASH AND CASH EQUIVALENTS Net increase during the period 1,198 805 Balance at beginning of period 2,126 1,866 -------- -------- Balance at end of period $ 3,324 $ 2,671 ======== ======== See Notes to Condensed Consolidated Financial Statements. 7 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 the consolidated financial statements included in the Annual Report on Form 10-K of The Coca-Cola Company for the year ended December 31, 2002. When used in these notes, the terms "Company," "we," "us" or "our" mean The Coca-Cola Company and its divisions and subsidiaries. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. Certain amounts in our prior period financial statements have been reclassified to conform to the current period presentation. Additionally, 2002 results were restated to reflect the Company's adoption of the preferable fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation" under the modified prospective transition

method selected by our Company as described in SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." Refer to Note H. NOTE B - SEASONALITY Sales of 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. 8 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE C - COMPREHENSIVE INCOME Total Comprehensive Income for the three months ended June 30, 2003 and 2002 was comprised of the following: For the three months ended June 30, ---------------------------------- 2003 2002 ---- ---- Net income $ 1,362 $ 1,223 Net foreign currency translation gain 603 224 Net loss on derivative financial instruments (22) (100) Net change in unrealized gain (loss) on available-for-sale securities 17 (11) Net change in minimum pension liability 14 (33) -------- -------- Total comprehensive income $ 1,974 $ 1,303 ======== ======== Total Comprehensive Income for the six months ended June 30, 2003 and 2002 was comprised of the following: For the six months ended June 30, ---------------------------------- 2003 2002 ---- ---- Net income $ 2,197 $ 1,029 Net foreign currency translation gain 870 84 Net loss on derivative financial instruments (19) (116) Net change in unrealized gain on available-for-sale securities 15 67 Net change in minimum pension liability (18) (33) -------- -------- Total comprehensive income $ 3,045 $ 1,031 ======== ======== Net foreign currency translation gain for the three months and six months ended June 30, 2003 resulted primarily from the strengthening of certain currencies against the U.S. dollar, particularly the euro and Japanese yen, partially offset by weakening Latin American currencies. Net loss on derivative financial instruments for the three months and six months ended June 30, 2002 was impacted primarily by decreases in the fair value of outstanding hedging instruments, primarily related to the Japanese yen. Fluctuations in the value of the hedging instruments are generally offset by changes in the fair value or cash flows of the underlying exposures being hedged. 9 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE D - ACCOUNTING PRONOUNCEMENTS Effective January 1, 2002, our Company adopted the fair value method defined in SFAS No. 123. For information regarding the adoption of the fair value method defined in SFAS No. 123, refer to Note H. Effective January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal plan be recognized when the liability is incurred. Under SFAS 146, an exit or disposal plan exists when the following criteria are met: * Management, having the authority to approve the action, commits to a plan of termination. * The plan identifies the number of employees to be terminated, their job classifications or functions and their locations, and the expected completion date. * The plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination (including but not limited to cash payments), in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated. * Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. SFAS No. 146 establishes that fair value is the objective for initial measurement of the liability. In cases where employees are required to render service until they are terminated in order to receive termination benefits, a liability for termination benefits is recognized ratably over the future service period. Under EITF Issue No. 94-3, a liability for the entire amount of the exit cost was recognized at the date that the entity met the four criteria described above. For information regarding the impact of adopting SFAS No. 146 and the impact of the streamlining initiatives that the Company has undertaken during the three and six months ended June 30, 2003, refer to Note G. 10 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE D - ACCOUNTING PRONOUNCEMENTS (Continued) In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." This interpretation elaborates on the disclosures to be made by a guarantor in interim and annual financial statements about the obligations under certain guarantees. Our Company adopted the disclosure provisions of FASB Interpretation No. 45 as of December 31, 2002. FASB Interpretation No. 45 also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of this interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. We do not currently provide significant guarantees on a routine basis. As a result, this interpretation has not had a material impact on our financial statements. In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation addresses the consolidation of business enterprises (variable interest entities) to which the usual condition (ownership of a majority voting interest) of consolidation does not apply. This interpretation focuses on financial interests that indicate control. It concludes that in the absence of clear control through voting interests, a company's exposure (variable interest) to the economic risks and potential rewards from the variable interest entity's assets and activities are the best evidence of control. Variable interests are rights and obligations that convey economic gains or losses from changes in the values of the variable interest entity's assets and liabilities. Variable interests may arise from financial instruments, service contracts, nonvoting ownership interests and other arrangements. If an enterprise holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. The primary beneficiary would be required to include assets, liabilities and the results of operations of the variable interest entity in its financial statements. This interpretation applies immediately to variable interest entities that are created after or for which control is obtained after January 31, 2003. For variable interest entities created prior to February 1, 2003, the provisions would be applied effective July 1, 2003. 11 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE D - ACCOUNTING PRONOUNCEMENTS (Continued) Our Company holds variable interests in certain entities, primarily bottlers, that are currently accounted for under the equity method of accounting. As a result, these entities may be considered variable interest entities, and it is reasonably possible that the Company may be required to consolidate such variable interest entities as of July 1, 2003, the effective date of FASB Interpretation No. 46. The difference between consolidation and the equity method impacts certain financial ratios because of the presentation of the detailed line items reported in the financial statements. However, consolidated net income for the period and our share-owners' equity at the end of the period are the same whether the investment in the company is accounted for under the equity method or the company is consolidated. We do not expect this interpretation to have a material impact on our financial statements because the entities that we expect to consolidate are not material to our financial statements. NOTE E - ACQUISITIONS AND INVESTMENTS In December 2002, one of the Company's equity method investees, Coca-Cola FEMSA, S.A. de C.V. (Coca-Cola FEMSA), entered into a merger agreement with another of the Company's equity method investees, Panamerican Beverages, Inc. (Panamco). This merger proposal was approved by share owners of Panamco in April 2003, and the merger was consummated effective May 6, 2003. Under the terms of the merger, the Company received new Coca-Cola FEMSA shares in exchange for all Panamco shares previously held by the Company. This exchange of shares was treated as a non-monetary exchange of similar productive assets, and no gain or loss was recorded by the Company as a result of this merger. The Company's ownership interest in Coca-Cola FEMSA increased from 30 percent to 39.6 percent as a result of this merger. As part of this merger, Coca-Cola FEMSA initiated steps to streamline and integrate the operations. The Company and the major share owner of Coca-Cola FEMSA have an understanding which will permit this share owner to purchase from our Company an amount of Coca-Cola FEMSA shares sufficient for this share owner to regain a 51 percent ownership interest in Coca-Cola FEMSA. Pursuant to this understanding, which is in place until May 2006, this share owner would pay the higher of the prevailing market price per share at the time of the sale or the sum of approximately $2.22 per share plus the Company's carrying costs. In March 2003, our Company acquired a 100 percent ownership interest in Truesdale Packaging Company LLC (Truesdale) from Coca-Cola Enterprises Inc. for cash consideration of approximately $60 million. Truesdale owns noncarbonated beverage production facilities. The purchase price was primarily allocated to the property, plant and equipment acquired. No amount has been allocated to intangible assets. The purchase price allocation is subject to refinement. Truesdale is included in our North America operating segment. 12 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE E - ACQUISITIONS AND INVESTMENTS (Continued) In November 2001, we entered into a Control and Profit and Loss Transfer Agreement (CPL) with Coca-Cola Erfrischungsgetraenke AG (CCEAG). Under the terms of the CPL, our Company acquired management control of CCEAG. In November 2001, we also entered into a Pooling Agreement with certain share owners of CCEAG that provided our Company with voting control of CCEAG. Both agreements became effective in February 2002, when our Company acquired control of CCEAG, for a term ending no later than December 31, 2006. CCEAG is included in our Europe, Eurasia and Middle East operating segment. As a result of acquiring control of CCEAG, our Company is working to help focus its sales and marketing programs and assist in developing the business. This transaction was accounted for as a business combination, and the results of CCEAG's operations have been included in the Company's financial statements since February 2002. Prior to February 2002, our Company accounted for CCEAG under the equity method of accounting. As of December 31, 2002, our Company had an approximate 41 percent ownership interest in the outstanding shares of CCEAG. In return for control of CCEAG, pursuant to the CPL we guaranteed annual payments, in lieu of dividends by CCEAG, to all other CCEAG share owners. These guaranteed annual payments equal .76 euro for each CCEAG share outstanding. Additionally, all other CCEAG share owners entered into either a put or a put/call option agreement with the Company, exercisable at the end of the term of the CPL at agreed prices. Our Company entered into either put or put/call agreements for shares representing an approximate 59 percent interest in CCEAG. The spread in the strike prices of the put and call options is approximately 3 percent. As of the date of the transaction, the Company concluded that the exercise of the put and/or call agreements was a virtual certainty based on the minimal differences in the strike prices. We concluded that either the holder of the put option would require the Company to purchase the shares at the agreed-upon put strike price, or the Company would exercise its call option and require the share owner to tender its shares at the agreed-upon call strike price. The holders of the puts or calls may exercise their rights at any time up to the expiration date, which in this case is in five years. If these rights are exercised, the actual transfer of shares would not occur until the end of the term of the CPL. Coupled with the guaranteed payments in lieu of dividends for the term of the CPL, these instruments represented the financing vehicle for the transaction. As such, the Company determined that the economic substance of the transaction resulted in the acquisition of the remaining outstanding shares of CCEAG and required the Company to account for the transaction as a business combination. Furthermore, the terms of the CPL transfer control and all of the economic risks and rewards of CCEAG to the Company immediately. 13 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE E - ACQUISITIONS AND INVESTMENTS (Continued) The present value of the total amount likely to be paid by our Company to all other CCEAG share owners, including the put or put/call payments and the guaranteed annual payments in lieu of dividends, is approximately $920 million at June 30, 2003. This amount has increased from the initial liability of approximately $600 million due to the accretion of the discounted value to the ultimate maturity of the liability, as well as approximately $250 million of translation adjustment related to this liability. This liability is included in the caption Other Liabilities. The accretion of the discounted value to its ultimate maturity value is recorded in the caption Other Income (Loss) - Net, and this amount was approximately $13 million and $9 million, respectively, for the three months ended June 30, 2003 and June 30, 2002, and approximately $25 million and $15 million, respectively, for the six months ended June 30, 2003 and June 30, 2002. In November 2001, our Company and Coca-Cola Bottlers Philippines, Inc. (CCBPI) entered into a sale and purchase agreement with RFM Corp. to acquire its approximate 83 percent interest in Cosmos Bottling Corporation (CBC), a publicly traded Philippine beverage company. CBC is an established carbonated soft drink business in the Philippines. As of the date of the agreement, the Company began supplying concentrate for this operation. The purchase of RFM's interest was finalized on January 3, 2002. On March 7, 2002, a tender offer was completed with our Company and CCBPI acquiring all shares of the remaining minority share owners except for shares representing a one percent interest in CBC. This transaction was accounted for as a business combination, and the results of CBC's operations were included in the Company's Consolidated Financial Statements from and after January 3, 2002. CBC is included in our Asia operating segment. The Company and CCBPI agreed to restructure the ownership of the operations of CBC, and this transaction was completed in April of 2003. This transaction resulted in the Company owning all the acquired trademarks and CCBPI owning all the acquired bottling assets. Accordingly, CBC's bottling assets were deconsolidated by the Company in April of 2003. No gain or loss was recorded by our Company upon completion of the transaction, as the fair value of the assets exchanged were approximately equal. Additionally, there was no impact on our cash flows related to this transaction. 14 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE F - OPERATING SEGMENTS The Company's operating structure includes the following operating segments: North America; Africa; Europe, Eurasia and Middle East; Latin America; Asia; and Corporate. North America includes the United States, Canada and Puerto Rico. Prior period amounts have been reclassified to conform to the current period presentation. Information about our Company's operations as of and for the three months ended June 30, 2003 and 2002, by operating segment, is as follows (in millions):

Europe,
North
Eurasia &
Latin
America
Africa

Middle East
America
Asia
Corporate
Consolidated
------- -----
- -----------
------- -----
-- --------- -

~~2003 ----~~
~~Net~~
~~operating~~
~~revenues $~~
~~1,713 $ 181~~
~~$ 1,809 $~~
~~485 $ 1,444~~
~~$ 59 $ 5,691~~
~~Operating~~
~~income (1)~~
~~402 51 594~~
~~233 486~~
~~(164) 1,602~~
~~Income~~
~~before~~
~~income taxes~~
~~and~~
~~cumulative~~
~~effect of~~
~~accounting~~
~~change (1)~~
~~411 48 616~~
~~258 502~~
~~(85) 1,750~~
~~Identifiable~~
~~operating~~
~~assets 5,292~~
~~551 5,649~~
~~1,299 2,357~~
~~7,388~~
~~22,536~~
~~Investments~~
~~106 106~~
~~1,342 1,435~~
~~1,294 1,130~~
~~5,413 2002~~
~~---- Net~~
~~operating~~
~~revenues $~~
~~1,644 $ 184~~
~~$ 1,458 $~~
~~554 $ 1,480~~
~~$ 48 $ 5,368~~
~~Operating~~
~~income 430~~
~~53 456 266~~
~~556 (201)~~
~~1,560~~
~~Income~~
~~before~~
~~income taxes~~

~~and~~
~~cumulative~~
~~effect of~~
~~accounting~~
~~change 438~~
~~46 454 311~~
~~564 (138)~~
~~1,675~~
~~Identifiable~~
~~operating~~
~~assets 4,991~~
~~541 4,800~~
~~1,339 2,254~~
~~6,558~~
~~20,483~~
~~Investments~~
~~137 97 986~~
~~1,488 1,181~~
~~915 4,804~~

Intercompany transfers between operating segments are not material. (1) Operating Income and Income Before Income Taxes and Cumulative Effect of Accounting Change for the three months ended June 30, 2003 were reduced by $53 million for North America, $14 million for Europe, Eurasia and Middle East, and $3 million for Latin America as a result of other operating charges associated with the streamlining initiatives. Refer to Note G. 15 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE F - OPERATING SEGMENTS (Continued) Information about our Company's operations for the six months ended June 30, 2003 and 2002, by operating segment, is as follows (in millions):

Europe,
North
Eurasia &
Latin
America
Africa
Middle East
America
Asia
Corporate
Consolidated
------- -----
- -----------
------- -----
-- --------- -

~~2003 ----~~
~~Net~~
~~operating~~
~~revenues $~~
~~3,149 $ 356~~
~~$ 3,098 $~~
~~968 $ 2,530~~
~~$ 88 $~~
~~10,189~~
~~Operating~~
~~income (1)~~
~~656 118 942~~
~~475 834~~
~~(347) 2,678~~
~~Income~~
~~before~~
~~income taxes~~
~~and~~
~~cumulative~~
~~effect of~~
~~accounting~~

~~change (1) 681 112 945 527 862 (254) 2,873 2002 ---- Net operating revenues $ 3,006 $ 329 $ 2,475 $ 1,097 $ 2,458 $ 82 $ 9,447 Operating income 768 108 785 537 911 (391) 2,718 Income before Income taxes and cumulative effect of accounting change (2) 779 103 758 550 924 (383) 2,731~~

Intercompany transfers between operating segments are not material. (1) Operating Income and Income Before Income Taxes and Cumulative Effect of Accounting Change for the six months ended June 30, 2003 were reduced by $134 million for North America, $69 million for Europe, Eurasia and Middle East, $23 million for Corporate, and $3 million for Latin America as a result of other operating charges associated with the streamlining initiatives. Operating Income and Income Before Income Taxes and Cumulative Effect of Accounting Change for the six months ended June 30, 2003 were increased by $52 million for Corporate as a result of the Company's receipt of a settlement related to a vitamin antitrust litigation matter. Refer to Note G. (2) Income Before Income Taxes and Cumulative Effect of Accounting Change for Latin America in 2002 was negatively impacted by a charge related to a write-down of investments in Latin America partially offset by the Company's share of a gain recorded by one of our investees in Latin America. Refer to Note G. 16 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE G - SIGNIFICANT OPERATING AND NON-OPERATING ITEMS In the first quarter of 2003, the Company reached a settlement with certain defendants in a vitamin antitrust litigation matter. In that litigation, the Company alleged that certain vitamin manufacturers participated in a global conspiracy to fix the price of some vitamins, including vitamins used in the manufacture of some of the Company's products. During the first quarter of 2003, the Company received a settlement relating to this litigation of approximately $52 million on a pretax basis, or $0.01 per share on an after-tax basis. The amount was recorded as a reduction to Cost of Goods Sold. During the first quarter of 2003, the Company initiated steps to streamline and simplify its operations, primarily in North America and Germany. In North America, the Company is integrating the operations of our three separate North American business units - Coca-Cola North America, The Minute Maid Company and Fountain. In Germany, CCEAG is taking steps to improve efficiency in sales, distribution and manufacturing. As described in Note D, under SFAS No. 146, a liability is accrued only when certain criteria are met. Of the Company's total streamlining initiatives, certain components of these initiatives have met these criteria as of June 30, 2003. The total cost expected to be incurred for these components of the streamlining initiatives that, as of June 30, 2003, meet the criteria described in Note D is approximately $260 million. Employees separated from the Company as a result of these streamlining initiatives were offered severance or early retirement packages, as appropriate, which included both financial and non-financial components. The expenses recorded during the first six months of 2003 included costs associated with involuntary terminations and other direct costs associated with implementing these initiatives. Other direct costs included the relocation of employees; contract termination costs; costs associated with the development, communication and administration of these initiatives; and asset write-offs. In the second quarter of 2003, the Company incurred total pretax expenses related to these streamlining initiatives of approximately $70 million, or $0.02 per share after tax. In the first six months of 2003, the Company incurred total pretax expenses related to these streamlining initiatives of approximately $229 million, or $0.06 per share after tax. These expenses were recorded in Other Operating Charges. The table below provides more details related to these costs. As of June 30, 2003, approximately 1,300 associates had been separated pursuant to these streamlining initiatives. 17 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE G - SIGNIFICANT OPERATING AND NON-OPERATING ITEMS (Continued) The table below summarizes the costs incurred to date, the balance of accrued streamlining expenses and the movement in that accrual as of and for the three months ended June 30, 2003 (in millions):

Accrued Accrued Balance Costs Noncash Balance March 31, Incurred and June 30, Cost Summary 2003 April-June Payments Exchange 2003 ------------ ------------------- -------- -------- --------

~~Severance pay and benefits $ 105 $ 16 $ (31) $ 3 $ 93~~
~~Retirement related benefits 33 4 - - 37~~
~~Outside services - legal, outplacement, consulting 5 7 (8) - 4~~
~~Other direct costs 9 21 (17) - 13~~
~~------- ------- -------- ------- -------~~
~~Total $ 152 $ 48 $ (56) $ 3 $ 147~~
~~======= ======= ======== ======= =======~~
~~Asset impairments $ 22~~
~~-------~~
~~Total Costs Incurred $ 70~~
~~=======~~

18 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE G - SIGNIFICANT OPERATING AND NON-OPERATING ITEMS (Continued) The table below summarizes the total costs expected to be incurred for the components of the streamlining initiatives which have met the criteria described in SFAS No. 146, the costs incurred to date, the balance of accrued streamlining expenses and the movement in that accrual as of and for the six months ended June 30, 2003 (in millions):

Total Costs Accrued Expected Costs Noncash Balance to be Incurred and June 30, Cost Summary Incurred to Date Payments Exchange 2003 ------------ -------- -------- -------- -------- --------

~~Severance pay and benefits $ 138 $ 123 $ (33) $ 3 $ 93 Retirement related benefits 53 37 - - 37 Outside services - legal, outplacement, consulting 18 17 (13) - 4 Other direct costs 29 30 (17) - 13 ------- ------- ------- ------- ------- Total $ 238 $ 207 $ (63) $ 3 $ 147 ═══════ ═══════ ═══════ ═══════ ═══════~~

~~Asset impairments $ 22 $ 22 ------- ------- Total Costs Incurred $ 260 $ 229 ═══════ ═══════~~

The total amount of costs expected to be incurred for the components of the streamlining initiatives which have met the criteria described in SFAS No. 146 and the costs incurred to date for the six months ended June 30, 2003 by operating segment is as follows (in millions): Total Costs Costs Expected Incurred to be Incurred to Date -------------- -------- North America $ 150 $ 134 Europe, Eurasia and Middle East 80 69 Latin America 7 3 Corporate 23 23 ------- ------- Total $ 260 $ 229 ═══════ ═══════ 19 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE G - SIGNIFICANT OPERATING AND NON-OPERATING ITEMS (Continued) Our Company had direct and indirect ownership interests totaling approximately 18 percent in Cervejarias Kaiser S.A. (Kaiser S.A.). In March 2002, Kaiser S.A. sold its investment in Cervejarias Kaiser Brazil Ltda to Molson Inc. (Molson) for cash of approximately $485 million and shares of Molson valued at approximately $150 million. Our Company's pretax share of the gain related to this sale was approximately $51 million, of which approximately $28 million was recorded in the caption Equity Income (Loss) and approximately $23 million was recorded in the caption Other Income (Loss) - Net. In the first quarter of 2002, our Company recorded a non-cash pretax charge of approximately $157 million (recorded in the caption Other Income (Loss) - Net) primarily related to the write-down of our investments in Latin America. This write-down reduced the carrying value of the investments in Latin America to fair value. The charge was primarily the result of the economic developments in Argentina during the first quarter of 2002, including the devaluation of the Argentine peso and the severity of the unfavorable economic outlook. 20 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE H - RESTRICTED STOCK, STOCK OPTIONS AND OTHER STOCK PLANS Our Company currently sponsors stock option plans and restricted stock award plans. Prior to 2002, our Company accounted for those plans under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) and related interpretations. No stock-based employee compensation expense for stock options was reflected in Net Income for years prior to 2002, as all stock options granted under those plans had an exercise price equal to the fair market value of the underlying common stock on the date of grant. Effective January 1, 2002, our Company adopted the preferable fair value recognition provisions of SFAS No. 123. Under the modified prospective transition method selected by our Company as described in SFAS No. 148, compensation cost recognized for the three and six months ended June 30, 2003 and 2002 is the same as that which would have been recognized had the fair value method of SFAS No. 123 been applied from its original effective date. The impact of the adoption of the fair value method of accounting for stock-based compensation was an increase to stock-based compensation expense of approximately $105 million and approximately $92 million, respectively, for the three month periods ended June 30, 2003 and June 30, 2002. The impact of this adoption was an increase to stock-based compensation expense of approximately $219 million and approximately $187 million, respectively, for the six-month periods ended June 30, 2003 and June 30, 2002. This stock compensation expense was recorded in the caption Selling, General and Administrative Expenses. As a result of adopting SFAS No. 123 and SFAS No. 148, our results for the three months and six months ended June 30, 2002 were restated to reflect the impact of the adoption of the fair value method under SFAS 123. For the quarter ended June 30, 2002, the impact of this restatement on Selling, General and Administrative Expenses was an increase of approximately $92 million; and the impact on Income Taxes was a decrease of approximately $25 million, resulting in a negative impact to Net Income of approximately $67 million. For the six months ended June 30, 2002, the impact of this restatement on Selling, General and Administrative Expenses was an increase of approximately $187 million; and the impact on Income Taxes was a decrease of approximately $51 million, resulting in a negative impact to Net Income of approximately $136 million. The income per share impact of this restatement was a reduction of $0.03 per share and $0.06 per share, respectively, for the three months and six months ended June 30, 2002. In accordance with the modified prospective method of adoption, results for years prior to 2002 have not been restated. 21 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE I - COMMITMENTS AND CONTINGENCIES In 2003, we have adopted the initial recognition and measurement provisions of FASB Interpretation No. 45. Because we do not currently provide significant guarantees on a routine basis, there has been no material effect to our financial statements. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. As of June 30, 2003, we were contingently liable for guarantees of indebtedness owed by third parties in the amount of $610 million. These guarantees are related to third-party customers and bottlers and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees are individually significant. We do not consider it probable that we will be required to satisfy these guarantees. Additionally, the Company is presently negotiating the extension of a $250 million stand-by line of credit to Coca-Cola FEMSA. This line of credit contains normal market terms and is subject to the execution of final agreements. We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations. The Company is also involved in various legal proceedings. Management believes that any liability to the Company that may arise as a result of currently pending legal proceedings, including those discussed below, will not have a material adverse effect on the financial condition of the Company taken as a whole. During the period from 1970 to 1981, our Company owned Aqua-Chem, Inc. (Aqua-Chem). A division of Aqua-Chem manufactured certain boilers that contained gaskets that Aqua-Chem purchased from outside suppliers. Several years after our Company sold this entity, Aqua-Chem received its first lawsuit relating to asbestos, a component of some of the gaskets. Aqua-Chem has notified our Company that it believes we are obligated to them for certain costs and expenses associated with the litigation. Aqua-Chem has demanded that our Company reimburse it for approximately $10 million for out-of-pocket litigation-related expenses incurred over the last 18 years. Aqua-Chem has also demanded that the Company acknowledge a continuing obligation to Aqua-Chem for any future liabilities and expenses that are excluded from coverage under the applicable insurance or for which there is no insurance. Our Company disputes Aqua-Chem's claims, and we believe we have no obligation to Aqua-Chem for any of its past, present or future liabilities, costs or expenses. Furthermore, we believe we have substantial legal and factual defenses to Aqua-Chem's claims. The parties have entered into litigation to resolve this dispute. The Company believes Aqua-Chem has substantial insurance coverage to pay Aqua-Chem's asbestos claimants. An estimate of possible losses over time, if any, cannot be made at this time. 22 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued) NOTE I - COMMITMENTS AND CONTINGENCIES (Continued) The Competition Authority of the European Commission made unannounced visits to the offices of the Company and our bottling partners in Austria, Belgium, Denmark, Germany and Great Britain several years ago. Similarly, the Spanish competition authorities made unannounced visits to our own offices and those of certain bottlers in Spain in 2000. The European Commission and the Spanish competition authorities continue their investigations into unspecified market practices in their respective jurisdictions. The Company believes we have substantial legal and factual defenses in these matters. Additionally, at the time of divesting our interest in a consolidated entity, we sometimes agree to indemnify the buyer for specific liabilities related to the period we owned the entity. Management believes that any liability to the Company that may arise as a result of any such indemnification agreements will not have a material adverse effect on the financial condition of the Company taken as a whole. 23 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations RESULTS OF OPERATIONS BEVERAGE VOLUME We measure our sales volume in two ways: (1) gallons and (2) unit cases of finished products. "Gallons" represent our primary business and measure the volume of concentrates, syrups, beverage bases, finished beverages and powders (in all cases, expressed in equivalent gallons of syrup) for all beverage products which are reportable as unit case volume. Most of our revenues are based on this measure of primarily wholesale activity, which consists mainly of our sales to bottlers and customers. We also measure volume in unit cases. "Unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings). "Unit case volume" means the number of unit cases (or unit case equivalents) of Company trademark or licensed beverage products directly or indirectly sold by the Coca-Cola system to customers. Volume primarily consists of beverage products bearing Company trademarks. Also included in unit case volume are certain products licensed to our Company or owned by our bottling partners, for which our Company provides marketing support and derives profit from the sales. Such products licensed to our Company or owned by our bottling partners account for a minimal portion of total unit case volume. Although most of our Company's revenues are not based directly on unit case volume, we believe unit case volume is one of the measures of the underlying strength of the Coca-Cola system because it measures trends at the consumer level. In the second quarter of 2003, our worldwide unit case volume increased 5 percent compared to the second quarter of 2002. The increase in unit case volume was driven by 5 percent volume growth for international operations and 3 percent growth for North American operations. The worldwide volume growth was driven by growth in certain markets and also benefited from several recent strategic acquisitions and license agreements. The North America volume growth resulted almost entirely from 2002 transactions involving the Danone and Evian water brands and Seagram's mixers. Unit case volume increases for products such as diet Vanilla Coke and diet Coke, as well as the launch of Sprite Remix, were partially offset by a 1 percent decline in Foodservice and Hospitality Division unit cases, compared to the prior year second quarter, resulting from weak overall restaurant traffic in the quarter. Second quarter 2003 unit case volume for the Company's international operating segments included 3 percent growth for Africa; 7 percent growth for Europe, Eurasia and Middle East; 5 percent growth for Latin America; and 4 percent growth for Asia. In Africa, growth was driven by increased volume in Southern Africa, partially offset by the impact of a challenging operating environment in parts of North and West Africa due to the ongoing political and economic instability in those regions. The Company had increased volume in West Europe, in markets such as Spain, Great Britain, France, Belgium and Italy, as well as in key markets in Central and Eastern Europe. In Germany, unit case volume in the second quarter of 2003 was flat compared to the second quarter of 2002, reflecting improvement from first quarter trends that were impacted by the implementation of a deposit law on non-returnable packages. The 5 percent growth in Latin 24 RESULTS OF OPERATIONS (Continued) BEVERAGE VOLUME (Continued) America was due to volume growth in Argentina and Mexico. The growth in Mexico was driven by core brands resulting from packaging innovations and new flavor introductions as well as growth in the water category primarily through the introduction of Ciel in additional territories. These positive factors in Latin America were partially offset by a 12 percent decline in unit case volume in Brazil as a result of significant price increases that were implemented to address raw material price increases, devaluation and the overall profitability of the Company and its bottling partners. The 4 percent growth in Asia was driven by growth in Australia, India, the Philippines and Thailand, partially offset by a 3 percent decline in Japan which was impacted by a product recall surrounding two successful new products, BOCO and Pooh Honey Lemon. The products have been reformulated and are back in the market. Our unit case volume for the first six months of 2003 increased 4 percent compared to the first six months of 2002. This increase in unit case volume was driven by 5 percent volume growth for international operations and 3 percent growth for North American operations. Unit case volume for the first six months of 2003 for the Company's international operating segments included 3 percent growth for Africa; 4 percent growth for Europe, Eurasia and Middle East; 5 percent growth for Latin America; and 6 percent growth for Asia. The Company is focused on continuing to broaden its family of brands. In particular, we are expanding and growing our noncarbonated offerings to provide more alternatives to consumers. The Company's unit case volume for 2003 as compared to 2002 has been favorably impacted by several strategic acquisitions and license agreements involving noncarbonated brands such as Evian and Danone waters in North America and Risco, a water brand in Mexico. The Company also entered into a long-term license agreement involving Seagram's mixers, a carbonated line of drinks. These brands and other acquired brands that have impacted volume growth for 2003 as compared to 2002, had annual volume in the year before we acquired them of approximately 450 million unit cases. Gallon sales increased 1 percent and 3 percent, respectively, for the three-month and six-month periods ended June 30, 2003, as compared to the same periods in 2002. The growth rates for gallon sales are not in line with the growth rates for unit case volume due primarily to the timing of shipments. On a full-year basis the Company expects the growth in gallons to be similar to the growth in unit case volume. 25 RESULTS OF OPERATIONS (Continued) NET OPERATING REVENUES AND GROSS MARGIN Net Operating Revenues were $5,691 million in the second quarter of 2003, compared to $5,368 million in the second quarter of 2002, an increase of $323 million or 6 percent. The following table indicates, on a percentage basis, the estimated impact of key factors resulting in significant increases (decreases) in Net Operating Revenues: Three months ended June 30, 2003 vs. 2002 --- Increase in gallon shipments, including acquisitions 1% Favorable impact of the weaker U.S. dollar 5 Price and product/geographic mix 1 Structural changes (1) -- Total percentage increase 6% === The increase in gallon shipments includes the favorable impact of acquisitions, primarily the Danone and Evian water brands and Seagram's mixers. The unfavorable impact of structural changes was primarily due to the deconsolidation of Cosmos Bottling Corporation (CBC) during the second quarter of 2003. Refer to Note E. Net Operating Revenues were $10,189 million for the first six months of 2003, compared to $9,447 million for the first six months of 2002, an increase of $742 million or 8 percent. The following table indicates, on a percentage basis, the estimated impact of key factors resulting in significant increases (decreases) in Net Operating Revenues: Six months ended June 30, 2003 vs. 2002 --- Increase in gallon shipments, including acquisitions 3% Favorable impact of the weaker U.S. dollar 4 Price and product/geographic mix 1 --- Total percentage increase 8% === The increase in gallon shipments includes the favorable impact of acquisitions, primarily the Danone and Evian water brands and Seagram's mixers. Structural changes had a neutral impact on Net Operating Revenues for the first six months of 2003 as the deconsolidation of CBC during the second quarter of 2003 was offset by the inclusion of one additional month of revenue from our German bottler, Coca-Cola Erfrischungsgetraenke AG (CCEAG). CCEAG was consolidated in February 2002, therefore, the first quarter of 2002 contained only two months of CCEAG revenue versus three months of CCEAG revenue included in the first quarter of 2003. 26 RESULTS OF OPERATIONS (Continued) NET OPERATING REVENUES AND GROSS MARGIN (Continued) The structural change related to CCEAG impacted the Europe, Eurasia and Middle East operating segment and the structural change related to CBC impacted the Asia operating segment. The impact of acquisitions mentioned above was primarily related to the 2002 transactions involving the Danone and Evian water brands and Seagram's mixers which impacted the North America operating segment. The impact of the weaker U.S. dollar mentioned above was driven primarily by the stronger euro that favorably impacted the Europe, Eurasia and Middle East operating segment, the stronger Japanese yen that favorably impacted the Asia operating segment, partially offset by generally weaker currencies negatively impacting the Latin America operating segment. For further discussion related to the impact of exchange and expected trends, refer to "Exchange" on page 36 of this report. The contribution to Net Operating Revenues from Company operations is as follows (in millions): Three Months Ended Six Months Ended June 30, June 30, 2003 2002 2003 2002 ---- ---- ---- ---- Company Operations, Excluding Bottling Operations $ 4,874 $ 4,582 $ 8,816 $ 8,237 Company-Owned Bottling Operations 817 786 1,373 1,210 ------- ------- -------- ------- Consolidated Net Operating Revenues $ 5,691 $ 5,368 $ 10,189 $ 9,447 ======= ======= ======== ======= Our gross profit margin decreased to 62.9 percent in the second quarter of 2003 from 64.1 percent in the second quarter of 2002. This decrease was primarily the result of the inclusion of the acquired lower-margin Evian and Danone results in the second quarter of 2003, partially offset by structural change, primarily related to the deconsolidation of CBC. Generally, bottling operations and other finished products operations produce higher revenues but lower gross margins compared to concentrate and syrup operations. Our gross profit margin decreased to 63.5 percent in the first six months of 2003 from 64.8 percent for the first six months of 2002. This decrease was primarily the result of the inclusion of the lower-margin Evian and Danone results in the first six months of 2003, partially offset by our receipt during the first quarter of 2003 of a settlement of approximately $52 million from certain defendants in a vitamin antitrust litigation. Refer to Note G. 27 RESULTS OF OPERATIONS (Continued) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES Selling, General and Administrative Expenses were $1,906 million in the second quarter of 2003, compared to $1,881 million in the second quarter of 2002, an increase of $25 million or 1 percent. The increase reflected increased stock-based compensation expense of approximately $13 million, increased expenses due to the inclusion of acquisitions of approximately $25 million and the impact (approximately 4 percentage points) of a weaker U.S. dollar. These increases were partially offset by effective management of operating expenses in the current difficult economic environment. Selling, General and Administrative Expenses were $3,567 million in the first six months of 2003, compared to $3,408 million in the first six months of 2002, an increase of $159 million or 5 percent. The increase reflected increased stock-based compensation expense of approximately $32 million, structural changes which increased expenses by approximately $58 million (primarily impacted by one additional month of CCEAG expenses included in 2003), increased expenses due to acquisitions of approximately $45 million and the impact (approximately 3 percentage points) of a weaker U.S. dollar. These increases were partially offset by effective management of operating expenses in the current difficult economic environment. OTHER OPERATING CHARGES In the second quarter of 2003, the Company recorded charges of approximately $70 million, or $0.02 per share after tax, related to the streamlining initiatives, primarily in North America and Germany, announced during the first quarter of 2003. Of these charges, approximately $53 million impacted the North America operating segment, approximately $14 million impacted the Europe, Eurasia and Middle East operating segment, and approximately $3 million impacted the Latin America operating segment. For the first six months of 2003, the Company recorded charges of approximately $229 million, or $0.06 per share after tax, related to the streamlining initiatives, primarily in North America and Germany, announced during the first quarter of 2003. Of these charges, approximately $134 million impacted the North America operating segment, approximately $69 million impacted the Europe, Eurasia and Middle East operating segment, approximately $23 million impacted the Corporate operating segment, and approximately $3 million impacted the Latin America operating segment. As of June 30, 2003, approximately 1,300 associates had been separated pursuant to these streamlining initiatives. In North America, the Company is integrating the operations of our three separate North American business units - Coca-Cola North America, The Minute Maid Company and Fountain. In Germany, the German division office has been relocated to Berlin to more closely align with CCEAG, and CCEAG has taken steps to improve efficiency in sales, distribution and manufacturing. 28 RESULTS OF OPERATIONS (Continued) OTHER OPERATING CHARGES (Continued) The above initiatives are expected to result in the separation of a total of approximately 1,900 associates in 2003, primarily in North America and Germany. These initiatives are expected to result in a full-year 2003 charge to earnings of approximately $400 million on a pretax basis. This expected $400 million charge is composed of costs associated with involuntary terminations and other direct costs, including the relocation of employees; contract termination costs; costs associated with the development, communication and administration of these initiatives; and asset write-offs. To the extent not already recorded in the first six months of 2003, the charge is expected to be recorded throughout the rest of 2003. As a result of the above initiatives, apart from the charge to earnings, the Company's financial results are expected to benefit by at least $50 million (pretax) in 2003 and at least $100 million (pretax) on an annualized basis beginning in 2004. OPERATING INCOME AND OPERATING MARGIN Operating Income was $1,602 million in the second quarter of 2003, compared to $1,560 million in the second quarter of 2002, an increase of $42 million or 3 percent. Our consolidated operating margin for the second quarter of 2003 was 28.1 percent, compared to 29.1 percent for the comparable period in 2002. The increase in Operating Income for the second quarter of 2003 reflected the increase in gallon shipments, the effective management of operating expenses, and a favorable impact of a weaker U.S. dollar of 3 percentage points, partially offset by expenses related to the 2003 streamlining initiatives of approximately $70 million and increased stock-based compensation expense of approximately $13 million. The decrease in the Company's operating margin was due primarily to the expenses related to the 2003 streamlining initiatives and inclusion of the acquired lower-margin Evian and Danone results mentioned above, partially offset by the effective management of operating expenses. Generally, bottling operations and other finished products operations produce higher revenues but lower operating margins compared to concentrate and syrup operations. Operating Income was $2,678 million in the first six months of 2003, compared to $2,718 million in the second quarter of 2002, a decrease of $40 million or 1 percent. Our consolidated operating margin for the first six months of 2003 was 26.3 percent, compared to 28.8 percent for the comparable period in 2002. The decrease in Operating Income for the first six months of 2003 reflected expenses related to the 2003 streamlining initiatives of approximately $229 million and increased stock-based compensation expense of approximately $32 million, partially offset by the increase in gallon shipments, the effective management of operating expenses, receipt of a $52 million settlement related to the vitamin litigation in the first quarter of 2003, and a favorable impact of a weaker U.S. dollar of 1 percentage point. The decrease in the Company's operating margin was due primarily to the expenses related to the 2003 streamlining initiatives and inclusion of the acquired lower-margin Evian and Danone results mentioned above, partially offset by the effective management of operating expenses. Generally, bottling operations and other finished products operations produce higher revenues but lower operating margins compared to concentrate and syrup operations. 29 RESULTS OF OPERATIONS (Continued) INTEREST INCOME AND INTEREST EXPENSE Interest Income decreased to $45 million for the second quarter of 2003 from $52 million for the second quarter of 2002. This slight decrease was primarily due to lower interest rates earned on short-term investments. Nevertheless, the Company continues to benefit from cash invested in locations outside the United States earning higher interest rates than could be obtained within the United States. Interest

Expense decreased $15 million, or 26 percent, in the second quarter of 2003 relative to the comparable period in 2002, due mainly to lower interest rates for commercial paper debt. Interest Income decreased to $101 million for the first six months of 2003 from $110 million for the first six months of 2002. This decrease was primarily due to lower interest rates earned on short-term investments. Interest Expense decreased $16 million, or 15 percent, in the first six months of 2003 relative to the comparable period in 2002, due mainly to both a decrease in average commercial paper debt balances and lower interest rates for commercial paper debt. EQUITY INCOME (LOSS) - NET Our Company's share of income from equity method investments for the second quarter of 2003 totaled $190 million, compared to $176 million in the second quarter of 2002, an increase of $14 million or 8 percent. Equity income for the majority of our investees increased during the second quarter of 2003 due to the overall improving health of the Coca-Cola bottling system around the world. Our Company's share of income from equity method investments for the first six months of 2003 totaled $239 million, compared to $237 million in the second quarter of 2002, an increase of $2 million or 1 percent. Equity income for the first six months of 2002 benefited from our Company's share of the gain on the sale by Cervejarias Kaiser S.A. (Kaiser S.A.) of its interests in Brazil to Molson Inc. (refer to Note G). Approximately $28 million of the pretax gain from this sale by Kaiser S.A. was recorded in equity income with the remaining portion (approximately $23 million) recorded in Other Income (Loss) - Net. Equity income for the majority of our investees increased during the first six months of 2003 due to the overall improving health of the Coca-Cola bottling system around the world. 30 RESULTS OF OPERATIONS (Continued) OTHER INCOME (LOSS) - NET Other Income (Loss) - Net was a net loss of $44 million for the second quarter of 2003 compared to a net loss of $55 million for the second quarter of 2002, a difference of $11 million. A portion of this difference, approximately $10 million, is related to the net loss on currency exchange, primarily in Latin America, which was impacted by the significant devaluation of the Argentine peso, and in Africa, in 2002. Other Income (Loss) - Net for the second quarter of 2003 was composed primarily of foreign currency exchange losses of approximately $24 million and the accretion of the discounted value of the CCEAG liability of approximately $13 million (refer to Note E). Other Income (Loss) - Net was a net loss of $57 million for the first six months of 2003 compared to a net loss of $230 million for the first six months of 2002, a difference of $173 million. A portion of this difference, approximately $53 million, is related to the net loss on currency exchange, primarily in Latin America, which was impacted by the significant devaluation of the Argentine peso, and in Africa, in 2002. Additionally, Other Income (Loss) - Net was impacted by two other items which were recorded during the first quarter of 2002. In the first quarter of 2002, our Company recorded a non-cash pretax charge of approximately $157 million primarily related to the write-down of our investments in Latin America. The charge was primarily the result of economic developments in Argentina during the first quarter of 2002, including the devaluation of the Argentine peso and the severity of the unfavorable economic outlook. In the first quarter of 2002, our Company also recorded in Other Income Loss) - Net a $23 million pretax gain from the sale by Kaiser S.A. Refer to Note G. Other Income (Loss) - Net for the first six months of 2003 was composed primarily of foreign currency exchange losses of approximately $34 million and the accretion of the discounted value of the CCEAG liability of approximately $25 million (refer to Note E). INCOME TAXES Our effective tax rate was 22.2 percent for the second quarter of 2003 compared to 27.0 percent for the second quarter of 2002. For the second quarter of 2003, the effective tax rate for the costs related to the streamlining initiatives was approximately 39 percent and the effective tax rate for all other pretax income was approximately 22.8 percent. The decrease in the effective tax rate for the second quarter of 2003 is driven by two separate factors. First, the Company's expected long-term effective tax rate on operations was lowered to approximately 25.5 percent due to effective tax planning and improved earnings from equity method investees. Second, the Company will benefit from an even lower tax rate in the current year because of stronger profit contributions from lower-taxed locations where currencies are having a favorable impact. 31 RESULTS OF OPERATIONS (Continued) INCOME TAXES (Continued) Our effective tax rate for the six months ended June 30, 2003 was 23.5 percent and includes the following: * The effective tax rate for the costs related to the streamlining initiatives was approximately 36 percent. * The effective tax rate for the proceeds received related to the vitamin antitrust litigation matter was approximately 35 percent. * The effective tax rate for all other pretax income was approximately 24 percent. Our effective tax rate for the six months ended June 30, 2002 was 28.4 percent and includes the following: * The effective tax rate for our Company's share of the gain on the sale of Kaiser S.A. interests was approximately 33 percent. * The effective tax rate for the write-down of our investments primarily in Latin America was approximately 4 percent. * The effective tax rate for all other pretax income was approximately 27 percent. For 2004 and future years, the Company's effective tax rate on operations is expected to be approximately 25.5 percent instead of the 26.5 percent rate previously estimated by the Company in its Quarterly Report on Form 10-Q for the three months ended March 30, 2003. Our effective tax rate reflects tax benefits derived from significant operations outside the United States, which are taxed at lower rates than the U.S. statutory rates. CUMULATIVE EFFECT OF ACCOUNTING CHANGE FOR SFAS NO. 142 The adoption of SFAS No. 142, "Goodwill and Other Intangible Assets," was a required change in accounting principle. The cumulative effect of adopting this standard as of January 1, 2002 resulted in a non-cash, after-tax decrease to net income of $367 million for Company operations and $559 million for the Company's proportionate share of its equity method investees in the first quarter of 2002. The adoption of this accounting standard resulted in a pretax reduction in amortization expense of approximately $60 million, and an increase in equity income of approximately $150 million for the year ended December 31, 2002. 32 FINANCIAL CONDITION NET CASH PROVIDED BY OPERATING ACTIVITIES Net Cash Provided by Operating Activities in the first six months of 2003 amounted to $2,130 million versus $2,156 million for the comparable period in 2002, a decrease of $26 million. Decreased cash flows from operations for the first six months of 2003 compared to 2002 primarily were a result of the collection of significant tax receivables in 2002 of approximately $280 million in connection with an Advance Pricing Agreement (APA) reached between the United States and Japan in 2000, which impacted Net Change in Operating Assets and Liabilities for 2002. The APA established the level of royalties paid by Coca-Cola (Japan) Company Limited to our Company for the years 1993 through 2001. The effect of this item was partially offset by overall improved worldwide business operating results. Net Cash Provided by Operating Activities for 2003 and 2002 was also impacted by the funding of employee retirement plans: approximately $145 million was funded in the first six months of 2003, as compared to approximately $124 million that was funded in the first six months of 2002. For additional information related to Other Operating Charges, refer to Note G. For additional information regarding the 2002 Cumulative Effect of Accounting Change, refer to the heading "Cumulative Effect of Accounting Change for SFAS No. 142." INVESTING ACTIVITIES Net Cash Used in Investing Activities totaled $464 million for the first six months of 2003, compared to $586 million for the comparable period in 2002, a decrease of $122 million. During the first six months of 2003, cash outlays for investing activities included purchases of property, plant and equipment of $398 million, plus acquisitions and investments of approximately $205 million, including the acquisition of Truesdale Packaging Company LLC from Coca-Cola Enterprises Inc. for approximately $60 million (refer to Note E), and other acquisitions, primarily trademarks, of $145 million. Our Company currently estimates that purchases of property, plant and equipment will total less than $1 billion for 2003. During the first six months of 2003, proceeds from disposals of investments and other assets of $130 million resulted primarily from the disposal of certain investments in short-term marketable equity securities and the disposal of a portion of the Company's investment in Piedmont Coca-Cola Bottling Partnership. Net Cash Used in Investing Activities totaled $586 million for the first six months of 2002. During the first six months of 2002, cash outlays for investing activities included purchases of property, plant and equipment of approximately $374 million, plus acquisitions and investments of approximately $267 million primarily related to the purchase of shares of Cosmos Bottling Corporation. FINANCING ACTIVITIES Our financing activities include net borrowings, dividend payments, share issuances and share repurchases. Net Cash Used in Financing Activities totaled $636 million for the first six months of 2003 compared to Net Cash Used in Financing Activities of $796 million for the first six months of 2002. 33 FINANCIAL CONDITION (Continued) FINANCING ACTIVITIES (Continued) In the first six months of 2003, the Company had issuances of debt of $932 million and payments of debt of $614 million. The issuances of debt primarily included $425 million of issuances of commercial paper with maturities of less than 90 days and $507 million in issuances of commercial paper with maturities of over 90 days. The payments of debt primarily included $579 million related to commercial paper with maturities over 90 days. For the comparable first six months of 2002, the Company had issuances of debt of $1,189 million and payments of debt of $1,272 million. The issuances of debt primarily included $437 million of issuances of commercial paper with maturities over 90 days and $750 million in issuances of long-term debt due June 1, 2005. The payments of debt primarily included $372 million primarily related to commercial paper with maturities over 90 days, and net payments of $857 million primarily related to commercial paper with maturities less than 90 days. During the first six months of 2003 and 2002, the Company repurchased common stock under the stock repurchase plan authorized by our Board of Directors in October 1996. During the first six months of 2003, the Company repurchased approximately 11.6 million shares of common stock at an average cost of $40.38 per share under the 1996 plan. During the first six months of 2002, the Company repurchased approximately 5.9 million shares of common stock at an average cost of $50.00 per share under the 1996 plan. The Company currently estimates that its share repurchases will total approximately $1.5 billion during 2003, including the purchases during the first six months of 2003 just described. FINANCIAL POSITION Our balance sheet as of June 30, 2003, as compared to our balance sheet as of December 31, 2002, was impacted by the following: * The increase in Cash and Cash Equivalents of $1,198 million was due primarily to the accumulation of cash for the quarterly dividend payment. * The increase in Equity Method Investments, Coca-Cola FEMSA, S.A. de C.V. of $502 million and the decrease in Equity Method Investments, Other, principally bottling companies of $481 million were primarily due to the merger of Coca-Cola FEMSA and Panamerican Beverages, Inc. Refer to Note E. * The $706 million increase in Investments and Other Assets is due primarily to equity income recorded for certain equity method investments and the impact of a stronger euro on certain investments. * The increase in Property, Plant and Equipment of $348 million was primarily related to the impact of a stronger euro. * The increase in Loans and Notes Payable of $326 million was due to the issuance of commercial paper during the six months of 2003 to meet short-term cash needs, including the quarterly dividend payment and repurchases of common stock. 34 FINANCIAL CONDITION (Continued) FINANCIAL POSITION (Continued) * The increase in Accounts Payable and Accrued Expenses of $904 million was primarily due to dividends payable accrued as of June 30, 2003, which will be paid during the third quarter of 2003. * The increase in Current Maturities of Long-Term Debt of $305 million and the decrease in Long-Term Debt of $151 million were primarily due to long-term debt which will mature within the next twelve months. The overall increase in total assets as of June 30, 2003 compared to December 31, 2002 was primarily related to the increase in Cash and Cash Equivalents mentioned above, which impacted the Corporate operating segment, and the impact of a stronger euro (which impacted the Europe, Eurasia and Middle East operating segment) and Japanese yen (which impacted the Asia operating segment), partially offset by the impact of weakening currencies impacting the Latin America operating segment. This impact of exchange is reflected in the net foreign currency translation gain for the first six months of 2003 of approximately $870 million. Refer to Note C. UPDATE TO APPLICATION OF CRITICAL ACCOUNTING POLICIES During the first six months of 2003, several events occurred that had an unfavorable impact on our operations, specifically: * The unstable situation in Iraq and the continued overall civil and political unrest in the Middle East had an adverse impact on our Company's business results and, therefore, could impact the valuation of our assets in this region. * Germany's operating results have been impacted by what our Company believes is a short-term disruption caused by the implementation of a deposit law on non-returnable packages. The change in the law on January 1, 2003 resulted in major retailers delisting non-returnable packages. Furthermore, consumers have begun to shift their consumption back to returnable packages and to other beverage categories that were not impacted by the deposit law. In the first six months of 2003, the Company evaluated the impact that these events could have on our future business results and the carrying value of our investments and assets in these regions of the world. Currently, management believes these events will only have a temporary unfavorable impact on our operations, and therefore, resulted in no asset impairment. We plan to closely monitor these and other conditions in the future and continue to evaluate any impact they might have on our assets and investments in these regions of the world. 35 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. We use approximately 50 functional currencies. Due to our global operations, weaknesses in some of these currencies are often offset by strengths in others. The U.S. dollar was approximately 9 percent weaker in the second quarter of 2003 compared to the second quarter of 2002, based on comparable weighted averages for our functional currencies. 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 effective impact of exchange to our Company after considering hedging activities was an increase to operating income of approximately 3 percent in the second quarter of 2003 compared to the second quarter of 2002, resulting from a strengthening euro partially offset by less attractive hedge rates on the Japanese yen and weakness in Latin American currencies. The effective impact of exchange to our Company after considering hedging activities was an increase to operating income of approximately 1 percent in the first six months of 2003 compared to the first six months of 2002. For the remainder of 2003, the Company expects exchange to have a slightly positive impact on its Operating Income. 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 more than 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. 36 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: * Economic and political conditions, especially in international markets, including civil unrest, product boycotts, governmental changes and restrictions on the ability to transfer capital across borders. Without limiting the preceding sentence, the current unstable economic and political conditions and civil unrest in the Middle East, Liberia, Venezuela, North Korea or elsewhere, the unstable situation in Iraq, or the continuation or escalation of terrorism, could have adverse impacts on our Company's business results or financial condition. * Changes in the nonalcoholic beverages business environment. These include, without limitation, changes in consumer preferences, 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. Factors such as these could impact our earnings, share of sales and volume growth. 37 FORWARD-LOOKING STATEMENTS (Continued) * Foreign currency rate fluctuations, interest rate fluctuations and other capital market conditions. Most of our exposures to capital markets, including foreign currency and interest rates, 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 capital market exposures. * Adverse weather conditions, which could reduce demand for Company products. * The effectiveness of our advertising, marketing and promotional programs. * 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. * Changes in laws and regulations, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations), competition laws and environmental laws in domestic or foreign jurisdictions. * 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 uncertainties of litigation, as well as other risks and uncertainties detailed from time to time in our Company's Securities and Exchange Commission filings. The foregoing list of important factors is not exclusive. 38 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, 2002. Item 4. Controls and Procedures We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As of June 30, 2003, an evaluation was performed under the supervision and with the participation of our Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level referred to in the preceding paragraph. No change in our Company's internal control over financial reporting occurred during the second quarter of 2003 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. 39 Part II. Other Information Item 6. Exhibits and Reports on Form 8-K (a) Exhibits: 3 - By-Laws of The Coca-Cola Company, as amended and restated through January 30, 2003. 10.1 - Amendment Number One to the Executive Medical Plan of The Coca-Cola Company, dated April 15, 2003. 10.2 - Letter Agreement, dated June 19, 2003, between The Coca-Cola Company and Daniel Palumbo. 12 - Computation of Ratios of Earnings to Fixed Charges. 31.1 - Rule 13a-14(a)/15d-14(a) Certification, executed by Douglas N. Daft, Chairman, Board of Directors, and Chief Executive Officer of The Coca-Cola Company. 31.2 - Rule 13a-14(a)/15d-14(a) Certification, executed by Gary P. Fayard, Executive Vice President and Chief Financial Officer of The Coca-Cola Company. 32 - Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Douglas N. Daft, Chairman, Board of Directors, and Chief Executive Officer of The Coca-Cola Company and by Gary P. Fayard, Executive Vice President and Chief Financial Officer of The Coca-Cola Company. (b) Reports on Form 8-K: (1) During the six months ended June 30, 2003, the Company filed a report on Form 8-K on February 13, 2003. Item 7(c). Exhibits. Item 9. Regulation FD Disclosure. Press release of the Company reporting financial results for the fourth quarter of 2002 and for the year 2002. (2) During the six months ended June 30, 2003, the Company filed a report on Form 8-K on March 26, 2003. 40 Part II. Other Information (Continued) Item 9. Regulation FD Disclosure. Certifications required pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (3) During the six months ended June 30, 2003, the Company filed a report on Form 8-K on April 16, 2003. Item 7(c) Exhibits. Item 9. Regulation FD Disclosure. (A) Press release of the Company reporting financial results for the first quarter of 2003. (B) Supplemental information prepared for use in connection with the financial results for the first quarter of 2003. 41 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: August 13, 2003 By:

/s/ Connie D. McDaniel ---------------------- Connie D. McDaniel Vice President and Controller (On behalf of the Registrant and as Chief Accounting Officer) 42 EXHIBIT INDEX Exhibit Number and Description (a) Exhibits 3 - By-Laws of The Coca-Cola Company, as amended and restated through January 30, 2003. 10.1 - Amendment Number One to the Executive Medical Plan of The Coca-Cola Company, dated April 15, 2003. 10.2 - Letter Agreement, dated June 19, 2003, between The Coca-Cola Company and Daniel Palumbo. 12 - Computation of Ratios of Earnings to Fixed Charges. 31.1 - Rule 13a-14(a)/15d-14(a) Certification, executed by Douglas N. Daft, Chairman, Board of Directors, and Chief Executive Officer of The Coca-Cola Company. 31.2 - Rule 13a-14(a)/15d-14(a) Certification, executed by Gary P. Fayard, Executive Vice President and Chief Financial Officer of The Coca-Cola Company. 32 - Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Douglas N. Daft, Chairman, Board of Directors, and Chief Executive Officer of The Coca-Cola Company and by Gary P. Fayard, Executive Vice President and Chief Financial Officer of The Coca-Cola Company. 43