



**ENDURING VALUE**

*The Coca-Cola Company 2001 Annual Report*

*The Coca-Cola Company*  
*exists to benefit*  
and refresh everyone  
*it touches.*

FOR MORE THAN A CENTURY,  
WE HAVE BEEN FULFILLING THIS PROMISE.

## FINANCIAL HIGHLIGHTS

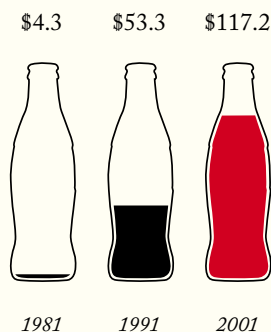
Year Ended December 31, (In millions except per share data, ratios and growth rates)	2001	2000	Percent Change
Net operating revenues	\$ 20,092	\$ 19,889	1%
Operating income	\$ 5,352	\$ 3,691	45%
Net income	\$ 3,969	\$ 2,177	82%
Net income per share ( <i>basic</i> )	\$ 1.60 <sup>1</sup>	\$ 0.88 <sup>2</sup>	82%
Net income per share ( <i>diluted</i> )	\$ 1.60 <sup>1</sup>	\$ 0.88 <sup>2</sup>	82%
Net cash provided by operating activities	\$ 4,110	\$ 3,585	15%
Business reinvestment	\$ (963)	\$ (779)	24%
Dividends paid	\$ (1,791)	\$ (1,685)	6%
Share repurchase activity	\$ (277)	\$ (133)	108%
Free cash flow	\$ 3,147	\$ 2,806	12%
Return on capital	26.6%	16.2%	
Return on common equity	38.5%	23.1%	
Unit case sales ( <i>in billions</i> )			
International operations	12.5	11.9	5%
North America operations	5.3	5.2	2%
Worldwide	17.8	17.1	4%

<sup>1</sup> 2001 basic and diluted net income per share includes a non-cash gain of \$.02 per share after taxes, which was recognized on the issuance of stock by Coca-Cola Enterprises Inc., one of our equity investees.

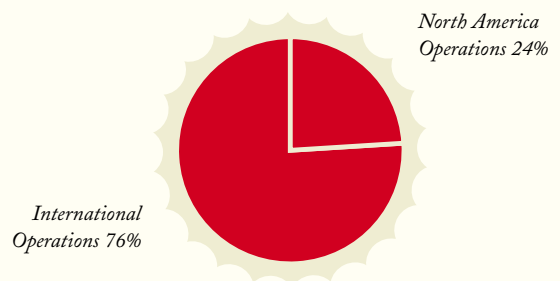
<sup>2</sup> 2000 basic and diluted net income per share includes the following charges: \$.24 per share after income taxes related to an organizational Realignment; \$.19 per share after income taxes related to the Company's portion of charges recorded by our investees; \$.16 per share after income taxes related to the impairment of certain bottling, manufacturing and intangible assets; \$.05 per share after income taxes related to the settlement terms of a discrimination lawsuit; and \$.01 per share after income taxes related to incremental marketing expenses in Central Europe. These charges are partially offset by a gain of \$.05 per share after income taxes related to the merger of Coca-Cola Beverages plc and Hellenic Bottling Company S.A. and \$.04 per share after income taxes related to benefits from a tax rate reduction in Germany and from favorable tax planning strategies.

<sup>3</sup> Excludes Corporate.

YEAR END MARKET VALUE  
OF COMMON STOCK (*in billions*)



OPERATING INCOME<sup>3</sup>





Douglas N. Daft  
CHAIRMAN, BOARD OF DIRECTORS,  
AND CHIEF EXECUTIVE OFFICER

# Dear fellow share owners,

Time and again throughout our long history, we have demonstrated that when our brands, our people and our bottling partners are working together and performing at their best, The Coca-Cola Company is unbeatable.

This year, we focused intently on strengthening the connections—the trusting relationships—that are the heart of that formula for success. We have more to do, including securing your trust that we will deliver the long-term value you expect and deserve. Nevertheless, given the scope and severity of the business challenges we—like every company—faced this year, our results reflect the momentum we are beginning to see:

- *worldwide volume increased by 4 percent with strong international growth of 5 percent and clear signs that our North American business is growing solidly and predictably;*
- *earnings per share grew by 82 percent, as we delivered on our commitment to create volume growth while aggressively managing costs;*
- *return on common equity grew from 23 percent in 2000 to 38 percent this year;*
- *return on capital increased from 16 percent in 2000 to 27 percent in 2001; and*
- *as we managed our business more effectively, we generated free cash flow of \$3.1 billion, up from \$2.8 billion in 2000, a clear indication of our underlying financial strength.*

Importantly, we began to see consistency and stability in our results over the course of the year, demonstrating that the work we have done to improve the efficiency and productivity of our operations is taking hold. At the same time, we made considerable progress against our strategy.

#### OUR BRANDS: ACCELERATING CARBONATED SOFT-DRINK GROWTH...

In 2001, we grew our carbonated soft-drink business by nearly 250 million unit cases and generated record volumes. Because carbonated soft drinks are the largest growth segment within the nonalcoholic ready-to-drink beverage category measured by volume, we know that accelerating this pace is crucial to our future success.

Our performance this year was led by the steady progress we made with Coca-Cola. Through innovative marketing programs, we deepened the already strong connections between consumers and the world's most popular brand, reminding them of why they trust us to deliver refreshment anytime, anywhere—from New York to Shanghai.

In 2002, we expect that growing momentum from our marketing programs for Coca-Cola, as well as successful new product launches such as diet Coke with lemon, will generate additional growth opportunities for the cola category and for our brands in particular.

This year, we also energized many of our other carbonated brands. For example, Fanta, the third-largest carbonated soft drink brand in the world outside North America, became a truly global brand when we reintroduced it in an array of fruit flavors to key regions in the United States.

#### ...AND SELECTIVELY BROADENING OUR FAMILY OF BEVERAGE BRANDS

Even as we grew our carbonated soft-drink business to ensure long-term growth, we profitably expanded our family of beverage brands. This year, by satisfying consumer tastes and preferences, we had the fastest-growing juice, sports drink and water brands in the United States. We transformed our juice and juice-based beverage business into a true growth driver, building a global business that is the largest in the world, with nearly one billion unit cases sold annually.

With brands such as Minute Maid, Hi-C, Simply Orange and Disney juices and juice drinks in the United States, Qoo in Asia, Kapo in Latin America and Bibo in Africa, The Minute Maid Company has a firm

footing for growth worldwide. With the acquisition of Odwalla, Inc. and its refrigerated distribution system, it is also developing profitable alternative routes to market.

This year, we relaunched our global sports-drink business, investing in new products, packaging, positioning and marketing. The results speak for themselves: Our global sports drinks, led by POWERADE and Aquarius, grew by 13 percent in 2001, nearly double the growth rate of the worldwide sports-drink category. Revitalized in the United States, we introduced POWERADE in nearly every major Western European market, including Great Britain, Germany and Spain, as well as in Mexico and Latin America.

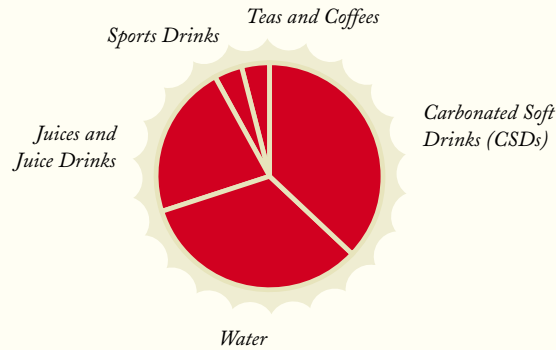
This year, The Coca-Cola Company also successfully energized a major piece of our beverage strategy—water. By the end of 2001, our bottled water volume exceeded 570 million unit cases, making it our second biggest contributor to our growth after carbonated soft drinks. Three of our water brands, Dasani, Ciel and Bonaqua each achieved sales of over 100 million unit cases for the year.

Our commitment to devote resources to water only in markets where we expect profitable growth paid dividends. We successfully applied our approach to brands in several key markets, including Ciel in Mexico, Mori No Mizudayori in Japan, Bonaqua in Russia and Kinley in India. Backed by our strong network of bottling partners throughout the United States, Dasani became the nation's fastest-growing water brand.

In 2001, we also made good progress in coffees and teas. Beverage Partners Worldwide, our renewed and strengthened marketing partnership with Nestlé S.A., began operations this year. This partnership combines Nestlé's knowledge in life science, research and development with our expertise in brand-building and distribution.

At the same time, we grew GEORGIA coffee in Japan by 3 percent through award-winning marketing in a category that was flat for the year. Also in Japan—where The Coca-Cola Company is the leader in the total tea category, the second-largest category in the nonalcoholic ready-to-drink segment—we launched Marocha Green Tea. With sales of 46 million unit cases

**VOLUME GROWTH IN 2001 WAS DRIVEN BY CARBONATED  
SOFT DRINKS AND BY SELECTIVELY  
BROADENING OUR FAMILY OF BEVERAGE BRANDS.**



**WORLDWIDE INCREMENTAL UNIT CASE GROWTH IN 2001**

for the year, Marocha Green Tea was the fastest-growing product in the fastest-growing category: green tea. The popularity of Marocha was also recognized by the industry with a leading trade journal naming Marocha the most popular new food and beverage product of the year.

**OUR PEOPLE: INNOVATING IN ALL WE DO**

Throughout The Coca-Cola Company, our people devised new, creative ways to forge bonds with our consumers. Fresh ideas are required in every corner of the business, and this year we had them in abundance. In addition to those initiatives mentioned throughout this Annual Report, in North America, Katherine Skinner and Rohan Oza put together a team of talented young managers that transformed POWERADE into our newest global brand. In Mexico, our largest Latin American market, Verónica de la Mora, Nemesio Díez, Sandra Osorio and their team worked with almost all of our bottling partners there on the introduction of Senzao, a guaraná-flavored beverage. With over 17 million unit cases sold in its first 10 months, Senzao was our most successful new product in Mexico this year. In Eurasia, the entire Turkuaz brand team worked together to launch Turkey's first purified water brand. Thanks to their efforts, Turkuaz has enjoyed great initial success.

**OUR BOTTLING PARTNERS: GROWING TOGETHER**

The financial health and success of our bottling partners is a critical component of The Coca-Cola Company's ability to build and deliver leading brands. In 2001, we worked with our bottlers to turn good intentions into reality by improving the system economics, and a number of key bottlers made significant strides in enhancing their financial health.

Our results in 2001 reflect this steadily improving and mutually constructive relationship between the Company and our bottling partners. Working with our largest partner, Coca-Cola Enterprises Inc., we agreed upon a joint strategic program to continue realizing shared opportunities for growth, with closer coordination of operations including customer relationships, logistics and production.

In other important markets we worked together with bottlers to optimize distribution capabilities and ownership structures. In the Philippines, the Company, together with San Miguel Corporation, purchased Coca-Cola Bottlers Philippines, Inc. from Coca-Cola Amatil Limited. With the subsequent purchase of a majority interest in Cosmos Bottling Corporation, we are able to offer our consumers the broadest range of category-leading brands.

In Russia, The Coca-Cola Company created a single bottling franchise and successfully completed its sale to Coca-Cola HBC S.A. With this transaction, we have established a platform for significant growth of the business, capitalizing on the efficiencies of a single bottler system appropriate to the market. Russia achieved 25 percent volume growth in 2001, including an 18 percent increase in unit case sales of Coca-Cola.

#### A TRUSTED CORPORATE CITIZEN

Our commitment to corporate social responsibility is integral to the way we do business. Through our actions, we strive to earn the world's continued trust in our Company and our brands. This month we will publish "Keeping Our Promise," reflecting the value we place on citizenship throughout our system.

There can be no better evidence of how we view our responsibility to our communities than the direct response of The Coca-Cola Company to the catastrophe of September 11. Our actions demonstrated the heritage of The Coca-Cola Company as one rooted in relationships—a company our communities can count on for support in the worst of times as well as in the best. Thousands of our people, working tirelessly with their peers at several of our bottling partners, rose to deliver whatever was needed most. We will demonstrate our support once again as we hold our upcoming Annual Meeting of Share Owners in New York City.

As I said at the outset, your Company is unbeatable when our system is operating at its peak, that is, when our people and our partners are working in close cooperation to innovate, create and deliver the world's greatest brands. That combination infuses all the elements of the strategy that we are implementing to deliver value to our share owners

in the year to come, and well into the future:

- *accelerate carbonated soft-drink growth, led by Coca-Cola;*
- *selectively broaden our family of beverage brands to drive profitable growth;*
- *grow system profitability and capability together with our bottling partners;*
- *serve customers with creativity and consistency to generate growth across all channels;*
- *direct investments to highest potential areas across markets; and*
- *drive efficiency and cost-effectiveness everywhere.*

The examples outlined in the following pages demonstrate how we are working to optimize the powerful combination of these fundamental and enduring attributes—our brands and our people working in tandem with our bottling partners.

There is still much to accomplish. We are mindful that we must continually challenge ourselves to perform better and embrace change as an ever-present factor in the life of any competitive endeavor. I want to thank all the people of The Coca-Cola Company for the hard work necessary to deliver long-term value to the share owners of this great enterprise. In doing so, we will fulfill the Promise of The Coca-Cola Company—that we exist to benefit and refresh everyone who is touched by our business.



Douglas N. Daft

CHAIRMAN, BOARD OF DIRECTORS, AND  
CHIEF EXECUTIVE OFFICER