



Federal Trade Commission Protecting America's Consumers

For Release: 9/27/2010

FTC Puts Conditions on Coca-Cola's \$12.3 Billion Acquisition of its Largest North American Bottler

Coca-Cola Agrees to Restrictions on its Access to Competitively Sensitive Information of Dr Pepper Snapple Group Subsidiary

The Federal Trade Commission today announced that it will require The Coca-Cola Company to restrict its access to confidential competitive business information of rival Dr Pepper Snapple Group as a condition for completing Coca-Cola's proposed \$12.3 billion acquisition of its largest North American bottler, which also distributes Dr Pepper Snapple carbonated soft drinks.

Under a settlement with the FTC, Coca-Cola will set up a "firewall" to ensure that its ownership of the bottling company does not give certain Coca-Cola employees access to commercially sensitive confidential Dr Pepper Snapple marketing information and brand plans. In a complaint filed with the settlement, the FTC charged that access to this information likely would have harmed competition in the U.S. markets for carbonated soft drinks. On February 26, 2010, the FTC approved a proposed settlement order in which PepsiCo agreed to set up a similar information firewall after acquiring its two largest bottlers and distributors (see press release at <http://www.ftc.gov/opa/2010/02/pepsi.shtm>).

Coca-Cola agreed on February 25, 2010, to acquire the North American operations of Coca-Cola Enterprises Inc., its largest North American bottler, for \$12.3 billion. When the agreement was announced, Coca-Cola already owned about 34 percent of Coca-Cola Enterprises. After the acquisition is completed, the North American operations of Coca-Cola Enterprises will be known as Coca-Cola Refreshments USA, Inc.

In a related deal, after Coca-Cola agreed to acquire Coca-Cola Enterprises, it sought a license to continue to bottle and distribute the Dr Pepper Snapple brands that Coca-Cola Enterprises had distributed, including Dr Pepper brand products and Canada Dry products, in specific franchised geographic areas. Coca-Cola paid \$715 million for the exclusive 20-year distribution license.

According to the FTC's complaint, Coca-Cola and Dr Pepper Snapple are direct competitors in the highly concentrated and difficult-to-enter markets for branded soft drink concentrate and branded carbonated soft drinks sold in stores. In all, the total sales of soft drink concentrate in the United States are about \$9 billion annually, and the total U.S. sales of soft drinks sold by retailers are about \$70 billion.

Dr Pepper Snapple will provide the commercially sensitive information about its marketing plans to Coca-Cola Refreshments USA, the newly created Coca-Cola bottling subsidiary. Dr Pepper Snapple currently provides the same sensitive information to Coca-Cola Enterprises to help it perform its bottler and distribution functions, according to the complaint. According to the complaint, Coca-Cola's access to this information could harm consumers by eliminating competition between Coca-Cola and Dr Pepper Snapple.

The FTC's proposed settlement order is designed to remedy these potential problems by requiring Coca-Cola to set up a "firewall" so the sensitive information cannot be accessed by anyone at Coca-Cola who may be in a position to use it against Dr Pepper Snapple. The proposed Coca-Cola order will expire in 20 years.

The FTC vote approving the complaint and proposed consent order was 4-0-1, with Commissioner Edith Ramirez recused. The order will be published in the Federal Register shortly, and will be subject to public comment for 30 days, until October 27, 2010, after which the Commission will decide whether to make it final. Comments can be submitted electronically at the following link: <https://ftcpublic.commentworks.com/ftc/coca-cola>.

NOTE: The Commission issues a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The issuance of a complaint is not a finding or ruling that the respondent has violated the law. A consent order is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future

actions. Each violation of such an order may result in a civil penalty of up to \$16,000.

Copies of the complaint, consent order, and an analysis to aid public comment are available from the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Room 383, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave, N.W., Washington, DC 20580. To learn more about the Bureau of Competition, read "Competition Counts" at <http://www.ftc.gov/competitioncounts>.

MEDIA CONTACT:

Mitchell J. Katz
Office of Public Affairs
202-326-2161

STAFF CONTACT:

Jill Frumin
Bureau of Competition
202-326-2758

(FTC File No. 101-0107)
(Coke.final.wpd)

E-mail this News Release

If you send this link to someone else, the FTC will not collect any personal information about you or the recipient.

Related Items:

[***In the Matter of The Coca-Cola Company, a corporation***](#)
FTC File No. 101 0107

Last Modified: Tuesday, September 28, 2010