UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

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 Number 001-02217

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(Exact name of Registrant as specified in its charter)

Delaware	**58-062846**
(State or other jurisdiction of incorporation)	(I.R.S. Empl Identification
One Coca-Cola Plaza	
Atlanta, Georgia	**30313**
(Address of principal executive offices)	(Zip Code

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name w
Common Stock, $0.25 Par Value	KO	New Y
0.500% Notes Due 2024	KO24	New Y
1.875% Notes Due 2026	KO26	New Y
0.750% Notes Due 2026	KO26C	New Y
1.125% Notes Due 2027	KO27	New Y
0.125% Notes Due 2029	KO29A	New Y
0.125% Notes Due 2029	KO29B	New Y
0.400% Notes Due 2030	KO30B	New Y
1.250% Notes Due 2031	KO31	New Y
0.375% Notes Due 2033	KO33	New Y
0.500% Notes Due 2033	KO33A	New Y
1.625% Notes Due 2035	KO35	New Y
1.100% Notes Due 2036	KO36	New Y
0.950% Notes Due 2036	KO36A	New Y
0.800% Notes Due 2040	KO40B	New Y
1.000% Notes Due 2041	KO41	New Y

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and Directors are "affiliates" of the Registrant) as of July 2, 2021, the last business day of the Registrant's most recently completed second fiscal quarter, was $232,023,179,143 (based on the closing sale price of the Registrant's Common Stock on that date as reported on the New York Stock Exchange).

The number of shares outstanding of the Registrant's Common Stock as of February 18, 2022 was 4,335,473,308.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2022 Annual Meeting of Shareowners are incorporated by reference in Part III.

THE COCA-COLA COMPANY AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that 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 views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause our Company's actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the possibility that the assumptions used to calculate our estimated aggregate incremental tax and interest liability related to the potential unfavorable outcome of the ongoing tax dispute with the United States Internal Revenue Service could significantly change; those described in Part I, "Item 1A. Risk Factors" and elsewhere in this report; and those described from time to time in our future reports filed with the Securities and Exchange Commission.

Part I

ITEM 1. BUSINESS

In this report, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

General

The Coca-Cola Company is a total beverage company, and beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories. We own or license and market numerous beverage brands, which we group into the following categories: Trademark Coca-Cola; sparkling flavors; hydration, sports, coffee and tea; nutrition, juice, dairy and plant-based beverages; and emerging beverages. We own and market five of the world's top six nonalcoholic sparkling soft drink brands: Coca-Cola, Sprite, Fanta, Diet Coke and Coca-Cola Zero Sugar.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as our consolidated bottling and distribution operations. Beverages bearing trademarks owned by or licensed to the Company account for 2.1 billion of the approximately 63 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

We are guided by our purpose, which is to refresh the world and make a difference, and rooted in our strategy to drive net operating revenue growth and generate long-term value. Our vision for growth has three connected pillars:

- Loved Brands. We craft meaningful brands and a choice of drinks that people love and that refresh them in body and spirit.
- Done Sustainably. We use our leadership to be part of the solution to achieve positive change in the world and to build a more sustainable future for our planet.
- For A Better Shared Future. We invest to improve people's lives, from our employees to all those who touch our business system, to our investors, to the broad communities we call home.

Effective January 1, 2021, we transformed our organizational structure in an effort to better enable us to capture growth in the fast-changing marketplace by building a networked global organization designed to combine the power of scale with the deep knowledge required to win locally. We created new operating units, which are focused on regional and local execution. The operating units, which sit under four geographic operating segments, as discussed

below, are highly interconnected, with more consistency in their structure and a focus on eliminating duplication of resources and scaling new products more quickly. The operating units work closely with five global marketing category leadership teams to rapidly scale ideas while staying close to the consumer. The global marketing category leadership teams primarily focus on innovation as well as marketing efficiency and effectiveness. Our organizational structure also includes a center and a platform services organization, as discussed below.

The Coca-Cola Company was incorporated in September 1919 under the laws of the State of Delaware and succeeded to the business of a Georgia corporation with the same name that had been organized in 1892.

Operating Segments

The Company's operating structure is the basis for our internal financial reporting. Our operating structure includes the following operating segments:

- Europe, Middle East and Africa
- Latin America
- North America
- Asia Pacific
- Global Ventures
- Bottling Investments

Our operating structure also includes Corporate, which consists of two components: (1) a center focusing on strategic initiatives, policy, governance and scaling global initiatives; and (2) a platform services organization supporting the operating units, global marketing category leadership teams and the center by providing efficient and scaled global services and capabilities including, but not limited to, transactional work, data management, consumer analytics, digital commerce and social/digital hubs.

For additional information about our operating segments and Corporate, refer to Note 19 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report.

Except to the extent that differences among operating segments are material to an understanding of our business taken as a whole, the description of our business in this report is presented on a consolidated basis.

Products and Brands

As used in this report:

- "concentrates" means flavorings and other ingredients which, when combined with water and, depending on the product, sweeteners (nutritive or non-nutritive) are used to prepare syrups or finished beverages, and includes powders/minerals for purified water products;
- "syrups" means intermediate products in the beverage manufacturing process produced by combining concentrates with water and, depending on the product, sweeteners (nutritive or non-nutritive);
- "fountain syrups" means syrups that are sold to fountain retailers, such as restaurants and convenience stores, which use dispensing equipment to mix the syrups with sparkling or still water at the time of purchase to produce finished beverages that are served in cups or glasses for immediate consumption;
- "Company Trademark Beverages" means beverages bearing our trademarks and certain other beverages bearing trademarks licensed to us by third parties for which we provide marketing support and from the sale of which we derive an economic benefit; and
- "Trademark Coca-Cola Beverages" or "Trademark Coca-Cola" means beverages bearing the trademark Coca-Cola or any trademark that includes Coca-Cola or Coke (that is, Coca-Cola, Diet Coke/Coca-Cola Light and Coca-Cola Zero Sugar and all their variations and any line extensions, including caffeine free Diet Coke, Cherry Coke, etc.). Likewise, when we use the capitalized word "Trademark" together with the name of one of our other beverage products (such as "Trademark Fanta," "Trademark Sprite" or "Trademark Simply"), we mean beverages bearing the indicated trademark (that is, Fanta, Sprite or Simply, respectively) and all its variations and line extensions (such that "Trademark Fanta" includes Fanta Orange, Fanta Zero Orange, Fanta Zero Sugar, Fanta Apple, etc.; "Trademark Sprite" includes Sprite, Sprite Zero Sugar, etc.; and "Trademark Simply" includes Simply Orange, Simply Apple, Simply Grapefruit, etc.).

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate operations"); and

- finished sparkling soft drinks and other beverages (we refer to this part of our business as our “finished product operations”).

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

Our concentrate operations typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with still or sparkling water and sweeteners (depending on the product), or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrates, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished beverages to retailers or to distributors and wholesalers who in turn sell the beverages to retailers. These operations consist primarily of our consolidated bottling and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. Additionally, we sell directly to consumers through retail stores operated by Costa Limited ("Costa"). These sales are included in our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who in turn sell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

For information regarding net operating revenues and unit case volume related to our concentrate operations and finished product operations, refer to the heading "Our Business — General" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

For information regarding how we measure the volume of Company beverage products sold by the Company and our bottling partners ("Coca-Cola system"), refer to the heading "Operations Review — Beverage Volume" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

We own and market numerous valuable beverage brands, including the following:

- sparkling soft drinks: Coca-Cola, Diet Coke/Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Fresca, Schweppes,[1] Sprite and Thums Up;
- hydration, sports, coffee and tea: Aquarius, Ayataka, BODYARMOR, Ciel, Costa, doğadan, Dasani, FUZE TEA, Georgia, glacéau smartwater, glacéau vitaminwater, Gold Peak, Ice Dew, I LOHAS, Powerade and Topo Chico; and
- nutrition, juice, dairy and plant-based beverages: AdeS, Del Valle, fairlife, innocent, Minute Maid, Minute Maid Pulpy and Simply.

[1]Schweppes is owned by the Company in certain countries other than the United States.

In addition to the beverage brands we own, we also provide marketing support and otherwise participate in the sales of other beverage brands through licenses, joint ventures and strategic partnerships. For example, certain Coca-Cola system bottlers distribute certain brands of Monster Beverage Corporation ("Monster"), primarily Monster Energy, in designated territories in the United States, Canada and other international territories pursuant to distribution coordination agreements between the Company and Monster and related distribution agreements between Monster and Coca-Cola system bottlers.

Consumer demand determines the optimal menu of Company product offerings. Consumer demand can vary from one market to another and can change over time within a single market. Our Company continually seeks to further optimize its portfolio of brands, products and services in order to create and satisfy consumer demand in every market.

Distribution System

We make our branded beverage products available to consumers in more than 200 countries and territories through our network of independent bottling partners, distributors, wholesalers and retailers as well as our consolidated

bottling and distribution operations. Consumers enjoy finished beverage products bearing trademarks owned by or licensed to the Company at a rate of 2.1 billion servings each day. Our strong and stable bottling and distribution system helps us to capture growth by manufacturing, distributing and selling existing, enhanced and new innovative products to consumers throughout the world.

The Coca-Cola system sold 31.3 billion and 29.0 billion unit cases of our products in 2021 and 2020, respectively. Sparkling soft drinks represented 69 percent of our worldwide unit case volume in both 2021 and 2020. Trademark Coca-Cola accounted for 47 percent of our worldwide unit case volume in both 2021 and 2020. In 2021, unit case volume in the United States

represented 17 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 61 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 42 percent of U.S. unit case volume. Unit case volume outside the United States represented 83 percent of the Company's worldwide unit case volume in 2021. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and India, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 71 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 48 percent of non-U.S. unit case volume.

Our five largest independent bottling partners based on unit case volume in 2021 were as follows:

- Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), which has bottling and distribution operations in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (nationwide), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (a major part of the states of São Paulo and Minas Gerais, the state of Mato Grosso do Sul, the state of Paraná, the state of Santa Catarina, part of the state of Rio Grande do Sul, part of the state of Goiás and part of the state of Rio de Janeiro), Argentina (federal capital of Buenos Aires and surrounding areas) and Uruguay (nationwide);
- Coca-Cola Europacific Partners plc ("CCEP"), which has bottling and distribution operations in Andorra, Australia, Belgium, Fiji, continental France, Germany, Great Britain, Iceland, Indonesia, Luxembourg, Monaco, the Netherlands, New Zealand, Norway, Papua New Guinea, Portugal, Samoa, Spain and Sweden;
- Coca-Cola HBC AG ("Coca-Cola Hellenic"), which has bottling and distribution operations in Armenia, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Moldova, Montenegro, Nigeria, North Macedonia, Northern Ireland, Poland, Republic of Ireland, Romania, the Russian Federation, Serbia, Slovakia, Slovenia, Switzerland and Ukraine;
- Arca Continental, S.A.B. de C.V., which has bottling and distribution operations in northern and western Mexico, northern Argentina, Ecuador, Peru, and the state of Texas and parts of the states of New Mexico, Oklahoma and Arkansas in the United States; and
- Swire Beverages, which has bottling and distribution operations in 11 provinces and the Shanghai Municipality in the eastern and southern areas of mainland China, Hong Kong, Taiwan and territories in 13 states in the western United States.

In 2021, these five bottling partners combined represented 41 percent of our total worldwide unit case volume.

Being a bottler does not create a legal partnership or joint venture between us and our bottlers. Our bottlers are independent contractors and are not our agents.

Bottler's Agreements

We have separate contracts, to which we generally refer as "bottler's agreements," with our bottling partners under which our bottling partners are granted certain authorizations by us. Subject to specified terms and conditions and certain variations, the bottler's agreements generally authorize the bottlers to prepare, package, distribute and sell Company Trademark Beverages in authorized containers in (but, subject to applicable local law, generally only in) an identified territory. The bottler is obligated to purchase its entire requirement of concentrates or syrups for the designated Company Trademark Beverages from the Company or Company-authorized suppliers. We typically agree to refrain from selling or distributing, or from authorizing third parties to sell or distribute, the designated Company Trademark Beverages throughout the identified territory in the particular authorized containers. However, we typically reserve for ourselves or our designee the right (1) to prepare and package such Company Trademark Beverages in such containers in the territory for sale outside the territory; (2) to prepare, package, distribute and sell such Company Trademark Beverages in the territory in any other manner or form (territorial restrictions on bottlers vary in some cases in accordance with local law); and (3) to handle certain key accounts (accounts that cover multiple territories).

While under most of our bottler's agreements we generally have complete flexibility to determine the price and other terms of sale of the concentrates and syrups we sell to our bottlers, as a practical matter, our Company's ability to exercise its contractual flexibility to determine the price and other terms of sale of concentrates and syrups is subject, both outside and within the United States, to competitive market conditions. However, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the

flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model in most markets. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrates are sold, and package mix.

As further discussed below, our bottler's agreements for territories outside the United States differ in some respects from our bottler's agreements for territories within the United States.

Bottler's Agreements Outside the United States

Bottler's agreements between us and our authorized bottlers outside the United States generally are of stated duration, subject in some cases to possible extensions or renewals. Generally, these bottler's agreements are subject to termination by the Company following the occurrence of certain designated events, including defined events of default and certain changes in ownership or control of the bottlers. Most of the bottler's agreements in force between us and bottlers outside the United States authorize the bottlers to manufacture and distribute fountain syrups, usually on a nonexclusive basis.

In certain parts of the world outside the United States, we have not granted comprehensive beverage production and distribution rights to the bottlers. In such instances, we have authorized certain bottlers to (1) prepare and package Company Trademark Beverages for sale to other bottlers or (2) purchase Company Trademark Beverages from other bottlers for sale and distribution throughout their respective designated territories, often on a nonexclusive basis.

Bottler's Agreements Within the United States

In the United States, most bottlers operate under a contract to which we generally refer as a "Comprehensive Beverage Agreement" ("CBA") that is of stated duration, subject in most cases to renewal rights of bottlers and in some cases to renewal rights of the Company. A small number of bottlers continue to operate under legacy bottler's agreements with no stated expiration date for Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. In all instances, the bottler's agreements in the United States are subject to termination by the Company for nonperformance or upon the occurrence of certain defined events of default that may vary from contract to contract.

Certain U.S. bottlers have been granted certain additional exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage brands (as defined by the CBAs). We refer to these bottlers as "expanding participating bottlers" or "EPBs." EPBs operate under CBAs ("EPB CBAs") under which the Company generally retained the rights to produce the applicable beverage products for territories not covered by specific manufacturing agreements, and such bottlers purchase from the Company (or from Company-authorized manufacturing bottlers) substantially all of the finished beverage products needed in order to service the customers in these territories. Each EPB CBA has a term of 10 years and is renewable, in most cases by the bottler, and in some cases by the Company, indefinitely for successive additional terms of 10 years each and includes additional requirements that provide for, among other things, a binding national governance model, mandatory incidence pricing and certain core performance requirements. The Company has also entered into manufacturing agreements that authorize certain EPBs that have executed EPB CBAs to manufacture certain beverage products for their own account and for supply to other bottlers.

In addition, certain U.S. bottlers that were not granted additional exclusive territory rights, which we refer to as "participating bottlers," converted their legacy bottler's agreements to CBAs, to which we refer as "participating bottler CBAs," each of which has a term of 10 years, is renewable by the bottler indefinitely for successive additional terms of 10 years each, and is substantially similar in most material respects to the EPB CBAs, including with respect to requirements for a binding national governance model and mandatory incidence pricing, but includes core performance requirements that vary in certain respects from those in the EPB CBAs.

Those bottlers that have not signed CBAs continue to operate under legacy bottler's agreements that include pricing formulas that generally provide for a baseline price for Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. This baseline price may be adjusted periodically by the Company, up to a maximum indexed ceiling price, and is adjusted quarterly based upon changes in certain sugar or sweetener prices, as applicable. The U.S. unit case volume prepared, packaged, sold and distributed under these legacy bottler's agreements is not material.

Under the terms of the bottler's agreements, bottlers in the United States generally are not authorized to manufacture fountain syrups. Rather, the Company manufactures and sells fountain syrups to authorized fountain wholesalers (including certain authorized bottlers) and some fountain retailers. These wholesalers in turn sell the syrups, or deliver them on our behalf, to restaurants and other retailers.

Promotional and Marketing Programs

In addition to conducting our own independent advertising and marketing activities, we may provide promotional and marketing support and/or funds to our bottlers. In most cases, we do this on a discretionary basis under the terms of commitment letters or agreements, even though we are not obligated to do so under the terms of the bottler's agreements between our Company and the bottlers. Also, on a discretionary basis in most cases, our Company may

develop and introduce new products, packages and equipment to assist the bottlers. Likewise, in many instances, we provide promotional and marketing support and/or funds and/or dispensing equipment and repair services to fountain and bottle/can retailers, typically pursuant to marketing agreements. The aggregate amount provided by our Company to bottlers, resellers and other customers of our Company's products, principally for participation in promotional and marketing programs, was $4.7 billion in 2021.

Investments in Bottling Operations

Most of our branded beverage products are prepared, packaged, distributed and sold by independent bottling partners. However, from time to time we acquire or take control of a bottling operation, often in underperforming markets where we believe we can use our resources and expertise to improve performance. Owning a bottling operation enables us to compensate for limited local resources; help focus the bottler's sales and marketing programs; assist in the development of the bottler's business and information systems; and establish an appropriate capital structure for the bottler. In line with our long-term bottling strategy, we may periodically consider options for divesting or reducing our ownership interest in a consolidated bottling operation, typically by selling all or a portion of our interest in the bottling operation to an independent bottler to improve Coca-Cola system efficiency. When we sell a consolidated bottling operation to an independent bottling partner in which we have an equity method investment, our Company continues to participate in the bottler's results of operations through our share of the equity method investee's earnings or losses.

In addition, from time to time we make equity investments representing noncontrolling interests in selected bottling operations with the intention of maximizing the strength and efficiency of the Coca-Cola system's production, marketing, sales and distribution capabilities around the world by providing expertise and resources to strengthen those businesses. These investments are intended to result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased sales for our Company's concentrate operations. When our equity investment provides us with the ability to exercise significant influence over the investee bottler's operating and financial policies, we account for the investment under the equity method.

Seasonality

Sales of our ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

Competition

The commercial beverage industry is highly competitive and consists of numerous companies, ranging from small or emerging to very large and well established. These include companies that, like our Company, compete globally in multiple geographic areas, as well as businesses that are primarily regional or local in operation. Competitive products include numerous nonalcoholic sparkling soft drinks; water products, including flavored and enhanced waters; juices, juice drinks and nectars; dilutables (including syrups and powders); coffees; teas; energy drinks; sports drinks; milk and other dairy-based drinks; plant-based beverages; functional beverages, including vitamin-based products and relaxation beverages; and various other nonalcoholic beverages. These competitive products are sold to consumers in both ready-to-drink and non-ready-to-drink form. The Company has directly entered the alcohol beverage segment in numerous markets outside the United States. In the United States, the Company has authorized alcohol-licensed third parties to use certain of our brands on alcohol beverages. Competitive products include all flavored alcohol beverages of varying alcohol bases. In many of the countries in which we do business, PepsiCo, Inc. is a primary competitor. Other significant competitors include, but are not limited to, Nestlé S.A., Keurig Dr Pepper Inc., Danone S.A., Suntory Beverage & Food Limited, Unilever, AB InBev, Kirin Holdings, Heineken N.V., Diageo and Red Bull GmbH. We also compete against numerous regional and local companies and, increasingly, against smaller companies that are developing microbrands and selling them directly to consumers through e-commerce retailers and other e-commerce platforms. In addition, in some markets, we compete against retailers that have developed their own store or private-label beverage brands.

Competitive factors impacting our business include, but are not limited to, pricing, advertising, sales promotion programs, in-store displays and point-of-sale marketing, digital marketing, product and ingredient innovation, increased efficiency in production techniques, the introduction of new packaging as well as new vending and dispensing equipment, contracting with marketing assets (theaters, sports arenas, universities, etc.), and brand and trademark development and protection.

Our competitive strengths include leading brands with high levels of consumer recognition and loyalty; a worldwide network of bottlers and distributors of Company products; sophisticated marketing capabilities; and a talented group of dedicated employees. Our competitive challenges include strong competitors in all geographic regions; in many countries, a concentrated retail sector with powerful buyers able to freely choose among Company products, products of competitive beverage suppliers and individual retailers' own store or private-label beverage brands; new industry entrants; and dramatic shifts in consumer shopping methods and patterns due to a rapidly evolving digital landscape.

Raw Materials

Water is a main ingredient in substantially all of our products. While historically we have not experienced significant water supply difficulties, water is a limited natural resource in many parts of the world, and our Company recognizes water availability, quality and sustainability, for both our operations and also the communities where we operate, as one of the key challenges facing our business.

In addition to water, the principal raw materials used in our business are nutritive and non-nutritive sweeteners. In the United States, the principal nutritive sweetener is high fructose corn syrup ("HFCS"), which is nutritionally equivalent to sugar. HFCS is available from numerous domestic sources and has historically been subject to fluctuations in its market price. The principal nutritive sweetener used by our business outside the United States is sucrose, i.e., table sugar, which is also available from numerous sources and has historically been subject to fluctuations in its market price. Our Company generally has not experienced any difficulties in obtaining its requirements for nutritive sweeteners. In the United States, we purchase HFCS to meet our and our bottlers' requirements with the assistance of Coca-Cola Bottlers' Sales & Services Company LLC ("CCBSS"). CCBSS is a limited liability company that is owned by authorized Coca-Cola bottlers doing business in the United States. Among other things, CCBSS provides procurement services to our North American operations and to our U.S. bottling partners for the purchase of various goods and services, including HFCS.

The principal non-nutritive sweeteners we use in our business are aspartame, acesulfame potassium, sucralose, saccharin, cyclamate and steviol glycosides. Generally, these raw materials are readily available from numerous sources. We purchase sucralose, which we consider a critical raw material, from suppliers in the United States and China. Our Company generally has not experienced major difficulties in obtaining its requirements for non-nutritive sweeteners.

Juice and juice concentrate from various fruits, particularly orange juice and orange juice concentrate, are the principal raw materials for our juice and juice drink products. We source our orange juice and orange juice concentrate primarily from Florida and the Southern Hemisphere (particularly Brazil). We work closely with Cutrale Citrus Juices U.S.A., Inc., our primary supplier of orange juice from Florida and Brazil, to ensure an adequate supply of orange juice and orange juice concentrate that meets our Company's standards. However, the citrus industry is impacted by greening disease and the variability of weather conditions that can impact the quality and supply of orange juice and orange juice concentrate. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of citrus trees and increasing grower costs and prices.

We generate most of our coffee revenues through Costa. Costa purchases Rainforest Alliance Certified green coffee through multiple suppliers. While most of Costa's coffee is sourced as readily available bulked commercial grade from Brazil, Vietnam and Colombia, many of Costa's suppliers have vertically integrated supply chains with direct access to yields from cooperatives and producer groups.

Our consolidated bottling operations and our non-bottling finished product operations also purchase various other raw materials including, but not limited to, polyethylene terephthalate ("PET") resin, preforms and bottles; glass and aluminum bottles; aluminum and steel cans; plastic closures; aseptic fiber packaging; labels; cartons; cases; postmix packaging; and beverage gases, including carbon dioxide and liquid nitrogen. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

Patents, Copyrights, Trade Secrets and Trademarks

Our Company owns numerous patents, copyrights and trade secrets and other know-how and technology, which we collectively refer to in this report as "technology." This technology generally relates to beverage products and the processes for their production; packages and packaging materials; design and operation of processes and equipment useful for our business; and certain software. Some of the technology is licensed to suppliers and other parties. Trade secrets are an important aspect of our technology, and our sparkling beverage and other beverage formulas are among the important trade secrets of our Company.

We own numerous trademarks that are very important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained. Pursuant to our bottler's agreements, we authorize our bottlers to use applicable Company trademarks in connection with their preparation, packaging, distribution and sale of Company products. In addition, we grant licenses to third parties from time to time to use certain of our trademarks in conjunction with certain merchandise and food products.

Governmental Regulation

Our Company is required to comply, and it is our policy to comply, with all applicable laws in the numerous countries throughout the world in which we do business. In many jurisdictions, our operations may come under special scrutiny by competition law authorities due to our competitive position in those jurisdictions.

In the United States, the safety, production, transportation, distribution, advertising, labeling and sale of our Company's products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Federal Trade

Commission Act; the Lanham Act; state consumer protection laws; competition laws; federal, state and local workplace health and safety laws; various federal, state and local environmental protection laws; privacy and personal data protection laws; and various other federal, state and local statutes and regulations. Outside the United States, our business is subject to numerous similar statutes and regulations, as well as other legal and regulatory requirements.

Under the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") of the state of California, if the state has determined that a substance causes cancer or harms human reproduction or development, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the conditions of an exemption (described below) can be met. The state maintains lists of these substances and periodically adds other substances to these lists. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a "safe harbor" threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

One or more substances that are currently on the Proposition 65 lists, or that may be added in the future, can be detected in certain Company products at low levels that are safe. With respect to substances that have not yet been listed under Proposition 65, the Company takes the position that listing is not scientifically justified. With respect to substances that are already listed, the Company takes the position that the presence of each such substance in Company products is subject to an applicable exemption from the warning requirement or that the product is otherwise in compliance with Proposition 65. However, the state of California and other parties have in the past taken a contrary position and may do so in the future.

Bottlers of our beverage products presently offer, among other beverage containers, nonrefillable recyclable containers in the United States and various other markets around the world. Some of these bottlers also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. The precise requirements imposed by these measures vary. Other types of statutes and regulations relating to beverage container deposits, recycling, ecotaxes and/or product stewardship also apply in various jurisdictions in the United States and overseas. We anticipate that additional such legal requirements may be proposed or enacted in the future at federal, state and local levels, both in the United States and elsewhere around the world.

All of our Company's facilities and other operations in the United States and elsewhere around the world are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. Our policy is to comply with all such legal requirements. Compliance with these provisions has not had, and we do not expect such compliance will have, any material adverse effect on our Company's capital expenditures, net income or competitive position.

We are also subject to various federal, state and international laws and regulations related to privacy and data protection, including the European Union's General Data Protection Regulation ("GDPR") as well as the California Consumer Privacy Act of 2018 ("CCPA"), which became effective on January 1, 2020, and its extension, the California Privacy Rights Act ("CPRA"), which will take effect on January 1, 2023. The interpretation and application of data privacy, cross-border data transfers and data protection laws and regulations are often uncertain and are evolving in the United States and internationally, such as in the European Union, China and other jurisdictions. We monitor pending and proposed legislation and regulatory initiatives to ascertain their relevance to and potential impact on our business and develop strategies to address regulatory trends and developments, including any required changes to our privacy and data protection compliance programs and policies. Globally, we see a growing trend toward data protection laws and regulations increasing in complexity and number, and we anticipate that our obligations will expand commensurately.

Human Capital Management

Our people and culture agendas are critical business priorities. Our Board of Directors, through the Talent and Compensation Committee, provides oversight of the Company's policies and strategies relating to talent, leadership and culture, including diversity, equity and inclusion, as well as the Company's compensation philosophy and programs. The Talent and Compensation Committee also evaluates and approves the Company's compensation plans, policies and programs applicable to our senior executives. In addition, the Committee on Directors and Corporate Governance of the Board of Directors oversees succession planning and talent development for our senior executives.

Employees

We believe people are our most important asset, and we strive to attract and retain high-performing talent. As of December 31, 2021 and 2020, our Company had approximately 79,000 and 80,300 employees, respectively, of which approximately 9,400 and 9,300, respectively, were located in the United States. Our Company, through its divisions and subsidiaries, is a party to numerous collective bargaining agreements. As of December 31, 2021, approximately 700 employees in North America were

covered by collective bargaining agreements. These agreements typically have terms of three to five years. We currently anticipate that we will be able to successfully renegotiate such agreements when they expire.

Diversity, Equity and Inclusion

We believe that a diverse, equitable and inclusive workplace that mirrors the markets we serve is a strategic business priority and critical to the Company's success. We take a comprehensive view of diversity, equity and inclusion across different races, ethnicities, tribes, religions, socioeconomic backgrounds, generations, abilities, and expressions of gender and sexual identity.

As of December 31, 2021, we had approximately 8,400 employees located in the United States, excluding the employees of the Global Ventures operating segment, fairlife, LLC and BA Sports Nutrition, LLC. Of these employees, 39 percent and 46 percent were female and people of color, respectively.

We are focused on social justice issues, including racial and gender equity, both in the United States and around the world. In 2021, we announced our 2030 aspirations to be 50 percent led by women globally, and in the United States, to reflect the U.S. Census racial and ethnic representation at all job grade levels. Each of our operating units outside the United States has developed locally relevant diversity, equity and inclusion aspirations. Diversity and inclusion metrics, which highlight progress and help drive accountability, are shared with our senior leaders on a quarterly basis. Our Global Women's Leadership Council, composed of eight executives, focuses on accelerating the development and promotion of women into roles of increasing responsibility and influence.

We conduct annual pay equity analyses, with regard to gender globally and race/ethnicity in the United States, to help ensure our base pay structures are fair and to identify and address potential issues or disparities. We make adjustments to base pay, where appropriate. Also, as permitted by local law, during the annual rewards cycle, we perform an adverse impact analysis on base pay, annual incentives and long-term incentives to help ensure fairness.

We support many employee-led inclusion networks, which are an integral part of our diversity, equity and inclusion strategy. Our inclusion networks are regionally structured in order to meet relevant local needs, and they provide employees with the opportunity to engage with colleagues globally based on common interests or backgrounds.

Compensation and Benefits

Through comprehensive and competitive compensation and benefits, ongoing employee learning and development, and a focus on health and well-being, we strive to support our employees in all aspects of their lives. Our compensation programs are designed to reinforce our growth agenda and our talent strategy as well as to drive a strong connection between the contributions of our employees and their pay.

We believe the structure of our compensation packages provides the appropriate incentives to attract, retain and motivate our employees. We provide base pay that is competitive and that aligns with employee positions, skill levels, experience and geographic location. In addition to base pay, we seek to reward employees with annual incentive awards, recognition programs, and equity awards for employees at certain job levels.

We also offer competitive employee benefits packages, which vary by country and region. These employee benefits packages may include: 401(k) plan, pension plan, core and supplemental life insurance, financial courses and advisors, employee assistance programs, tuition assistance, commuter assistance, adoption assistance, medical and dental insurance, vision insurance, health savings accounts, health reimbursement and flexible spending accounts, well-being rewards programs, vacation pay, holiday pay, and parental and adoption leave.

Culture and Engagement

As our employees work together to achieve our purpose to "Refresh the World and Make a Difference," they collectively build and reinforce our culture. Our culture is rooted in our growth mindset, which expects each employee, leader and function to be curious, empowered, inclusive and agile. We use a variety of practices to measure and support progress against these growth behaviors and to ensure that our employees are engaged and fulfilled at work. For example, our Performance Enablement and Culture & Engagement Pulse platforms provide regular opportunities for employees across the organization to provide feedback on how their leaders, teammates and work experiences support the growth behaviors. Data from questionnaires are anonymized and plotted against historical results to inform teams and functions on areas of strength and opportunities for improvement. We also encourage regular, live communication across the organization and host quarterly global town halls with our senior leadership that include employee question-and-answer sessions. In addition, function-level town halls are held on a regular basis.

Leadership, Training and Development

We focus on investing in inspirational leadership, learning opportunities and capabilities to equip our global workforce with the skills they need while improving engagement and retention. We provide a range of formal and informal learning programs, which are designed to help our employees continuously grow and strengthen their skills throughout their careers. We offer a

variety of programs that contribute to our leadership, training and development goals, including: Coca-Cola University, a robust catalog of digital content, including courseware from Harvard, eCornell, and LinkedIn Learning; Opportunity Marketplace, a people-centered technology solution that helps connect project opportunities to interested employees who have the capacity, skills and interest in short-term experiences and assignments; and comprehensive enterprise-wide coaching and mentoring programs that support leadership and employee development.

Available Information

The Company maintains a website at the following address: www.coca-colacompany.com. The information on the Company's website is not incorporated by reference in this report. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission ("SEC") in accordance with the Securities Exchange Act of 1934, as amended ("Exchange Act"). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. In addition, we routinely post on the "Investors" page of our website news releases, announcements and other statements about our business and results of operations, some of which may contain information that may be deemed material to investors. Therefore, we encourage investors to monitor the "Investors" page of our website and review the information we post on that page.

The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at the following address: http://www.sec.gov.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition and results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

RISKS RELATED TO OUR OPERATIONS

The COVID-19 pandemic and related ongoing impacts may have a material adverse effect on our results of operations, financial condition and cash flows.

The COVID-19 pandemic and the related actions by governments around the world to attempt to contain the spread of the virus have negatively impacted, and could continue to negatively impact, our business globally. Our recovery has been asynchronous and the full extent to which the COVID-19 pandemic will affect our results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including, among others, new information which may emerge concerning the pandemic, vaccine adoption rates (including boosters) and the effectiveness of vaccines in limiting or stopping the spread of COVID-19, either over the long term or against new, emerging variants of COVID-19, and any related actions by governments.

The extent and nature of government actions related to the COVID-19 pandemic varied throughout 2020 and 2021 based upon the then-current extent and severity of the COVID-19 pandemic within the respective markets. At times we experienced a decrease in sales of certain of our products in markets around the world, including consumer demand shifting to more at-home consumption versus away-from-home consumption. While in 2021 we have experienced improved trends in away-from-home channels and improved margins, if COVID-19 infection rates increase, the pandemic intensifies or expands geographically, or continued efforts to curb the pandemic are ineffective, the negative impacts of the pandemic on our sales could be more prolonged and may become more severe than we are currently experiencing. In addition, continuing economic and political uncertainties, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions in any of our major markets, may slow down or prevent the recovery of the demand for our products or may erode such demand.

The COVID-19 pandemic has disrupted and could continue to disrupt our global supply chain. We and our bottling partners have experienced temporary disruptions in certain of our operations; delays in delivery of concentrates, ingredients, packaging and equipment; temporary plant closures; production slowdowns; and difficulty or delays in sourcing key ingredients and beverage containers. We and our bottling partners may face similar disruptions in the future, which may increase supply chain and packaging costs, or may result in an inability to secure key ingredients and inputs, which could cause delays in delivering our products to our customers and consumers. Although we are

unable to predict the impact on our ability to source materials in the future, we expect supply chain pressures to continue into 2022.

In addition to the above risks, the COVID-19 pandemic may exacerbate other risks related to our business, including risks related to changes in the retail landscape or the loss of key retail or foodservice customers; fluctuations in input costs, inflation rates, and foreign currency exchange rates; and the ability of third-party service providers and business partners to fulfill their

respective commitments and responsibilities to us in a timely manner and in accordance with the agreed-upon terms. The continuing evolution of the pandemic may also present risks not currently known to us.

Increased competition could hurt our business.

We operate in the highly competitive commercial beverage industry. For additional information regarding the competitive environment in which we operate, including the names of certain of our significant competitors, refer to the heading "Competition" set forth in Part I, "Item 1. Business" of this report. Our ability to maintain or gain share of sales in the global market or in local markets may be limited as a result of actions by competitors. Competitive pressures may cause the Company and our bottling partners to reduce prices we charge customers or may restrict our and our bottlers' ability to increase prices, as may be necessary in response to commodity and other cost increases. Such pressures may also increase marketing costs along with in-store placement and slotting fees. In addition, the rapid growth of e-commerce may create additional consumer price deflation by, among other things, facilitating comparison shopping, and could potentially threaten the value of some of our legacy route-to-market strategies and thus negatively affect revenues. If we do not continuously strengthen our capabilities in marketing and innovation to maintain consumer interest, brand loyalty and market share while we selectively expand into other profitable categories in the commercial beverage industry, our business could be negatively affected.

If we are not successful in our innovation activities, our financial results may be negatively affected.

Achieving our business growth objectives depends in part on our ability to evolve and improve our existing beverage products through innovation and to successfully develop, introduce and market new beverage products. The success of our innovation activities depends on our ability to correctly anticipate customer and consumer acceptance and trends; obtain, maintain and enforce necessary intellectual property protections; and avoid infringing on the intellectual property rights of others. If we are not successful in our innovation activities, we may not be able to achieve our growth objectives, which may have a negative impact on our financial results.

Changes in the retail landscape or the loss of key retail or foodservice customers could adversely affect our financial results.

Our industry is being affected by the trend toward consolidation in, and the blurring of the lines between, retail channels, particularly in Europe and the United States. Larger retailers may seek lower prices from us and our bottling partners, may demand increased marketing or promotional expenditures, and may be more likely to use their distribution networks to introduce and develop private-label brands, any of which could negatively affect the Coca-Cola system's profitability. In addition, in developed markets discounters and value stores are growing at a rapid pace, while in emerging and developing markets modern trade is growing at a faster pace than traditional trade outlets. Our industry is also being affected by the rapid growth in sales through e-commerce retailers, e-commerce websites, mobile commerce applications and subscription services, which may result in a shift away from physical retail operations to digital channels. As we and our bottling partners build e-commerce capabilities, we may not be able to develop and maintain successful relationships with existing and new e-commerce retailers without experiencing a deterioration of our relationships with key customers operating physical retail channels. If we are unable to successfully adapt to the rapidly changing retail landscape, including the rapid growth in digital commerce, our share of sales, volume growth and overall financial results could be negatively affected. In addition, our success depends in part on our ability to maintain good relationships with key retail and foodservice customers. The loss of one or more of our key retail or foodservice customers could have an adverse effect on our financial performance.

If we are unable to expand our operations in emerging and developing markets, our growth rate could be negatively affected.

Our success depends in part on our ability to grow our business in emerging and developing markets, which in turn depends on economic and political conditions in those markets and on our ability to work with local bottlers to make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Additionally, we rely on local availability of talented management and employees to establish and manage our operations in these markets. Scarcity of, or heavy competition for, talented employee resources could impede our abilities in such markets. Moreover, the supply of our products in emerging and developing markets must match consumer demand for those products. Due to product price, limited purchasing power and cultural differences, our products may not be accepted in any particular emerging or developing market.

If we do not successfully manage the possible negative consequences of our productivity initiatives, our business operations could be adversely affected.

We believe that improved productivity is essential to achieving our long-term growth objectives and, therefore, a leading priority of our Company is to design and implement the most effective and efficient business model possible. Consequently, we continuously search for productivity opportunities in our business. Some of the actions we may take from time to time in pursuing these opportunities may become a distraction for our managers and employees and may disrupt our ongoing business operations; cause deterioration in employee morale which may make it more difficult for us to retain or attract qualified managers and employees; disrupt or weaken the internal control structures of the affected business operations; and give rise to

negative publicity which could affect our corporate reputation. If we are unable to successfully manage the possible negative consequences of our productivity initiatives, our business operations could be adversely affected.

If we are unable to attract or retain a highly skilled and diverse workforce, our business could be negatively affected.

The success of our business depends on our Company's and the Coca-Cola system's ability to attract, hire, develop, motivate and retain a highly skilled and diverse workforce as well as on our success in nurturing a culture that supports our growth and aligns employees around the Company's purpose and work that matters most. Competition and compensation expectations for existing and prospective personnel have increased. In addition, the broader labor market is experiencing a shortage of qualified workers which has further increased the competition we face for qualified employees. We may not be able to successfully compete for, attract or retain the highly skilled and diverse workforce that we want and that our future business needs may require, such as employees with e-commerce, social media and digital marketing and advertising skills, and/or digital and analytics capabilities. Changes in immigration laws and policies could also make it more difficult for us to recruit or relocate highly skilled technical, professional and management personnel to meet our business needs. In addition, the unexpected loss of experienced and highly skilled employees due to an increase in aggressive recruiting for best-in-class talent could deplete our institutional knowledge base and erode our competitiveness. Failure to attract, hire, develop, motivate and retain highly skilled and diverse talent; to meet our goals related to fostering an inclusive and diverse culture, including increasing the number of underrepresented employees in the United States to develop and implement an adequate succession plan for our management team; to maintain a corporate culture that fosters innovation, collaboration and inclusion; or to design and successfully implement flexible work models that meet the expectations of employees and prospective employees could disrupt our operations and adversely affect our business and our future success.

Increases in the cost, disruption of supply or shortages of energy or fuel could affect our profitability.

Our consolidated bottling operations operate a large fleet of trucks and other motor vehicles to distribute and deliver beverage products to customers. In addition, we use a significant amount of electricity, natural gas and other energy sources to operate our production plants and the bottling plants and distribution facilities operated by our consolidated bottling operations. An increase in the price, disruption of supply or shortage of fuel and other energy sources in countries where we have production plants, or in markets where our consolidated bottling operations operate, which may be caused by increasing demand, by events such as natural disasters, power outages and extreme weather, or by government regulations, taxes, policies or programs designed to reduce greenhouse gas emissions to address climate change, could increase our operating costs and negatively impact our profitability. Our independent bottling partners also operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to their own customers and use a significant amount of electricity, natural gas and other energy sources to operate their own bottling plants and distribution facilities. An increase in the price, disruption of supply or shortage of fuel and other energy sources in any of the major markets in which our independent bottling partners operate could increase the affected independent bottling partners' operating costs and thus could indirectly negatively impact our results of operations.

Increases in the cost, disruption of supply or shortages of ingredients, other raw materials, packaging materials, aluminum cans and other containers could harm our business.

We and our bottling partners use various ingredients in our business, including HFCS, sucrose, aspartame, acesulfame potassium, sucralose, saccharin, cyclamate, steviol glycosides, ascorbic acid, citric acid, phosphoric acid, caffeine and caramel color; other raw materials such as coffee, orange and other fruit juice and juice concentrates; packaging materials such as PET, bio-based PET and recycled PET for bottles; and aluminum cans and other containers. For additional information regarding ingredients, other raw materials, packaging materials and containers we use in our business, refer to the heading "Raw Materials" set forth in Part I, "Item 1. Business" of this report. The prices of these ingredients, other raw materials, packaging materials, aluminum cans and other containers fluctuate depending on market conditions, governmental actions, climate change and other factors beyond our control, including the COVID-19 pandemic. Substantial increases in the prices of our or our bottling partners' ingredients, other raw materials, packaging materials, aluminum cans and other containers, to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase our and our bottling partners' operating costs and reduce our profitability. Increases in the prices of our finished products resulting from a higher cost of ingredients, other raw materials, packaging materials, aluminum cans and other containers could affect affordability in some markets and reduce our or our bottling partners' sales. In addition, some of our ingredients, such as aspartame, acesulfame potassium, and saccharin, as well as some packaging containers, such as aluminum cans, are available from a limited number of suppliers, and certain other ingredients are only available from one source.

Furthermore, some of our suppliers are located in countries experiencing political or other risks. We and our bottling partners may not be able to maintain favorable arrangements and relationships with these suppliers, and our contingency plans may not be effective in preventing disruptions that may arise from shortages of any ingredients that are available from a limited number of suppliers or from only one source.

Adverse weather conditions may affect the supply of other agricultural commodities from which key ingredients for our products are derived. For example, drought conditions in certain parts of the United States or in other major corn-producing

areas of the world may negatively affect the supply of corn, which in turn may result in shortages of and higher prices for HFCS. The citrus industry is impacted by the variability of weather conditions and by greening disease, which affect the supply and quality of orange juice and orange juice concentrate, which are important raw materials for our business. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of citrus trees and increasing grower costs and prices.

An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, packaging materials, aluminum cans and other containers that may be caused by changes in or the enactment of new laws and regulations; a deterioration of our or our bottling partners' relationships with suppliers; supplier quality and reliability issues; trade disruptions; changes in supply chain; and increases in tariffs; or events such as natural disasters, widespread outbreaks of infectious diseases (such as the COVID-19 pandemic), power outages, labor strikes, political uncertainties or governmental instability, or the like could negatively impact our net operating revenues and profits.

We may not be able to increase prices to fully offset inflationary pressures on various costs, such as our costs for materials and labor, which may adversely impact our financial condition or results of operations.

In connection with our manufacturing and bottling operations, we are dependent upon, among other things, raw materials, packaging materials, plant labor and transportation providers. In 2021 and the early part of 2022, the costs of raw materials, packaging materials, labor, energy, fuel, transportation and other inputs necessary for the production and distribution of our products have rapidly increased. In addition, many of these items are subject to price fluctuations from a number of factors, including, but not limited to, market conditions, geopolitical developments, demand for raw materials, weather, growing and harvesting conditions, climate change, energy costs, currency fluctuations, supplier capacities, governmental actions, import and export requirements (including tariffs), and other factors beyond our control. We expect the inflationary pressures on input and other costs to continue to impact our business in 2022.

Our attempts to offset these cost pressures, such as through price increases of some of our products, may not be successful. Higher product prices may result in reductions in sales volume. Consumers may be less willing to pay a price differential for our branded products and may increasingly purchase lower-priced offerings, or may forgo some purchases altogether. To the extent that price increases are not sufficient to offset higher costs adequately or in a timely manner, and/or if they result in significant decreases in sales volume, our financial condition or results of operations may be adversely affected. Furthermore, we may not be able to offset cost increases through productivity initiatives or through our commodity hedging activity.

If we do not successfully integrate and manage our acquired businesses, brands or bottling operations, our financial results could suffer.

We routinely evaluate opportunities to acquire businesses or brands to expand our beverage portfolio and capabilities. Additionally, from time to time, we have acquired or taken control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. We may incur unforeseen liabilities and obligations in connection with acquiring businesses, brands or bottling operations. The expected benefits of business or brand acquisitions, including cost and growth synergies associated with such acquisitions, may take longer to realize than expected or may not be realized at all. Moreover, we may encounter challenges to successfully integrating the operations, technologies, services, products and systems of any acquired businesses in an effective, timely and cost-efficient manner. We may also encounter unexpected difficulties, costs or delays in restructuring and integrating acquired businesses, brands or bottling operations into our Company's operating and internal control structures, including extending our Company's internal control over financial reporting to newly acquired businesses, which may increase the risk of failure to prevent misstatements in their financial records and in our consolidated financial statements. In addition, our quality management program, which is designed to ensure product quality and safety, may not be sufficiently robust to effectively manage the expanded range of product offerings introduced through newly acquired businesses or brands, which may increase our costs or subject us to negative publicity. Also, we may not be able to successfully manage the additional complexities involved with overseeing various supply chain models as we expand our product offerings. Our financial performance is impacted by how well we can integrate and manage acquired businesses, brands and bottling operations, and we may not be able to achieve our strategic and financial objectives for acquired businesses, brands or bottling operations. If we incur unforeseen liabilities or costs in connection with acquiring or integrating businesses, brands or bottling operations, experience internal control or product quality failures, or are unable to achieve our strategic and financial

objectives for acquired businesses, brands or bottling operations, our consolidated results could be negatively affected.

If our third-party service providers and business partners do not satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

In the conduct of our business, we rely on relationships with third parties, including cloud data storage and other information technology service providers, suppliers, distributors, contractors, joint venture partners and other external business partners, for certain functions or for services in support of key portions of our operations. These third-party service providers and business

partners are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems and employee failures, and are subject to legal, regulatory and market risks of their own. Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the agreed-upon terms. In addition, while we have procedures in place for selecting and managing our relationships with third-party service providers and other business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, which increases our financial, legal, reputational and operational risk. If we are unable to effectively manage our third-party relationships, or for any reason our third-party service providers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

If we are unable to renew collective bargaining agreements on satisfactory terms, or if we or our bottling partners experience strikes, work stoppages or labor unrest, our business could suffer.

Many of our employees at our key manufacturing locations and bottling plants are covered by collective bargaining agreements. While we generally have been able to renegotiate collective bargaining agreements on satisfactory terms when they expire and regard our relations with employees and their representatives as generally satisfactory, negotiations may nevertheless be challenging, as the Company must have competitive cost structures in each market while meeting the compensation and benefits needs of our employees. If we are unable to renew collective bargaining agreements on satisfactory terms, our labor costs could increase, which could affect our profit margins. In addition, many of our bottling partners' employees are represented by labor unions. Strikes, work stoppages or other forms of labor unrest at any of our major manufacturing facilities or at our bottling operations or our major bottlers' plants could impair our ability to supply concentrates and syrups to our bottling partners or our bottlers' ability to supply finished beverages to customers, which could reduce our net operating revenues and could expose us to customer claims. Furthermore, from time to time we and our bottling partners restructure manufacturing and other operations to improve productivity, which may have negative impacts on employee morale and work performance, result in escalation of grievances and adversely affect the negotiation of collective bargaining agreements. If these labor relations are not effectively managed at the local level, they could escalate in the form of corporate campaigns supported by the labor organizations and could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers.

RISKS RELATED TO CONSUMER DEMAND FOR OUR PRODUCTS

Obesity and other health-related concerns may reduce demand for some of our products.

There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. Increasing public concern about obesity; other health-related public concerns surrounding consumption of sugar-sweetened beverages; possible new or increased taxes on sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; additional governmental regulations concerning the advertising, marketing, labeling, packaging or sale of our sugar-sweetened beverages; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labeling or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, our sugar-sweetened beverages, which could adversely affect our profitability.

If we do not address evolving consumer product and shopping preferences, our business could suffer.

Consumer product preferences have evolved and continue to evolve as a result of, among other things, health, wellness and nutrition considerations, including concerns regarding caloric intake associated with sugar-sweetened beverages and the perceived undesirability of artificial ingredients; shifting consumer demographics; changes in consumer tastes and needs coupled with a rapid expansion of beverage options and delivery methods; changes in consumer lifestyles; concerns regarding location of origin or source of ingredients and raw materials and the environmental, social and sustainability impact of ingredient sources and the product manufacturing process; consumer emphasis on transparency related to ingredients we use in our products and collection and recyclability of, and amount of recycled content contained in, our packaging containers and other materials; concerns about the health and welfare of animals in our dairy supply chain; and competitive product and pricing pressures. In addition, in many of our markets, shopping patterns are being affected by the digital evolution, with consumers rapidly embracing shopping by way of mobile device applications, e-commerce retailers and e-commerce websites or platforms. If we fail to address changes in consumer product and shopping preferences, do not successfully anticipate and prepare for future changes in such preferences, or are ineffective or slow in developing and implementing appropriate digital transformation initiatives, our share of sales, revenue growth and overall financial results could be negatively affected.

Product safety and quality concerns could negatively affect our business.

Our success depends in large part on our ability to maintain consumer confidence in the safety and quality of all of our products. We have rigorous product safety and quality standards, which we expect our operations as well as our bottling partners to meet. However, despite our strong commitment to product safety and quality, we or our bottling partners periodically have not met, and may not always meet, these standards, particularly as we expand our product offerings through innovation or acquisitions into beverage categories, such as value-added dairy and plant-based beverages, that are beyond our

traditional range of beverage products. If we or our bottling partners fail to comply with applicable product safety and quality standards, or if our beverage products taken to the market are or become contaminated or adulterated by any means, we may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause our business to suffer.

Public debate and concern about perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials, may reduce demand for our beverage products.

Public debate and concern about perceived negative health consequences of certain ingredients in our beverage products, such as synthetic colors, non-nutritive sweeteners and biotechnology-derived substances; substances that are present in our beverage products naturally or that occur as a result of the manufacturing process, such as 4-methylimidazole ("4-MEI"), a chemical compound that is formed during the manufacturing of certain types of caramel coloring used in cola-flavored beverages; or substances used in packaging materials, such as bisphenol A ("BPA"), an odorless, tasteless food-grade chemical commonly used in the food and beverage industries as a component in the coating of the interior of cans, may affect consumers' preferences and cause them to shift away from some of our beverage products. In addition, increasing public concern about actual or perceived health consequences of the presence of such ingredients or substances in our beverage products or in packaging materials, whether or not justified, could result in additional governmental regulations concerning the advertising, marketing, labeling, packaging or sale of our beverages; possible new or increased taxes on our beverages by government entities; and negative publicity, or actual or threatened legal actions against us or other companies in our industry, all of which could damage the reputation of, and may reduce demand for, our beverage products.

If we are not successful in our efforts to digitize the Coca-Cola system, our financial results could be negatively affected.

The digital evolution is affecting how we interact with consumers, customers, suppliers, bottlers and other business partners and stakeholders. We believe that our future success will depend in part on our ability to adapt to and thrive in the digital environment. Therefore, one of our top priorities is to digitize the Coca-Cola system by, among other things, creating more relevant and more personalized experiences wherever our system interacts with consumers, whether in a digital environment or through digital devices in an otherwise physical environment; finding ways to create more powerful digital tools and capabilities for the Coca-Cola system's retail customers to enable them to grow their businesses; and digitizing operations through the use of data, artificial intelligence, automation, robotics and digital devices to increase efficiency and productivity. If we are not successful in our efforts to digitize the Coca-Cola system, our ability to increase sales and reduce costs may be negatively affected and the cost and expenses we have incurred or may incur in connection with our digitization initiatives may adversely impact our financial performance.

If negative publicity, whether or not warranted, concerning product safety or quality, workplace and human rights, obesity or other issues damages our brand image, corporate reputation and social license to operate, our business may suffer.

Our success depends in large part on our ability to maintain the brand image of our existing products, build up the brand image for new products and brand extensions, and maintain our corporate reputation and social license to operate. However, our continuing investment in advertising and marketing and our strong commitment to product safety and quality and human rights have not always had, and may not in the future always have, the desired impact on our products' brand image and on consumer preferences. Product safety or quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. In some emerging markets, the production and sale of counterfeit or "spurious" products, which we and our bottling partners may not be able to fully combat, may damage the image and reputation of our products. In addition, from time to time, we and our executives have engaged, and may in the future engage, in public policy endeavors that are either directly related to our products and packaging or to our business operations and the general economic climate affecting the Company. These engagements in public policy debates have been, and could in the future be, the subject of backlash from advocacy groups or others that have a differing point of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, our sponsorship relationships have subjected us in the past, and could subject us in the future, to negative publicity as a result of actual or alleged misconduct by individuals, hosts or entities associated with organizations we sponsor or support financially or through in-kind contributions. Likewise, campaigns by activists connecting us, or our bottling system or supply chain, with workplace and human rights issues, whether actual or perceived, could adversely impact our corporate image and reputation. Additionally, negative postings or comments on social media or

networking websites about the Company or one of its brands, even if inaccurate or malicious, have in the past, and could in the future, generate adverse publicity that could damage the reputation of our brands or the Company. Furthermore, the Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council, outline how businesses should implement the corporate responsibility to respect human rights principles included in the United Nations “Protect, Respect and Remedy” framework on human rights. Allegations, even if untrue, that we are not respecting one or more of the 30 human rights found in the United Nations Universal Declaration of Human Rights; actual or perceived failure by our suppliers or other business partners to comply with applicable workplace and labor laws, including child labor laws, or their actual or perceived abuse or misuse of migrant

workers; and adverse publicity surrounding obesity and health concerns related to our products, water usage, environmental impact, labor relations or the like could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers. In addition, if we fail to protect our employees' and our supply chain employees' human rights, or inadvertently discriminate against any group of employees or hiring prospects, our ability to hire and retain the best talent will be diminished, which could have an adverse impact on our overall business.

Unfavorable general economic and political conditions could negatively impact our financial results.

Many of the jurisdictions in which our products are sold have experienced and could continue to experience unfavorable general economic conditions, such as a recession or economic slowdown, which could negatively affect the affordability of, and consumer demand for, our beverages. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our beverages to lower-priced products offered by other companies, including private-label brands, which could reduce our profitability and could negatively affect our overall financial performance.

Other financial uncertainties in our major markets and unstable political conditions in certain markets, including civil unrest and governmental changes, could undermine global consumer confidence and reduce consumers' purchasing power, thereby reducing demand for our products. Product boycotts resulting from political activism could reduce demand for our products, while restrictions on our ability to transfer earnings or capital across borders, price controls, limitations on profits, retaliatory tariffs, import authorization requirements and other restrictions on business activities which have been or may be imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries or otherwise, could impact our profitability. In addition, U.S. trade sanctions against countries designated by the U.S. government as state sponsors of terrorism and/or financial institutions accepting transactions for commerce within such countries could increase significantly, which could make it impossible for us to continue to make sales to bottlers in such countries. The imposition of retaliatory sanctions against U.S. multinational corporations by countries that are or may become subject to U.S. trade sanctions, or the delisting of our branded products by retailers in various countries in reaction to U.S. trade sanctions or other governmental action or policy, could also negatively affect our business.

If we are unable to successfully manage new product launches, our business and financial results could be adversely affected.

Due to the highly competitive nature of the commercial beverage industry, the Company continually introduces new products and evolves existing products to stimulate consumer demand. For instance, the Company has directly entered the ready-to-drink alcohol beverages segment in numerous markets outside the United States, and in the United States, the Company has authorized alcohol-licensed third parties to use certain of its brands on ready-to-drink alcohol beverages. The success of new and evolved products depends on a number of factors, including timely and successful development and consumer acceptance. Such endeavors may also involve significant risks and uncertainties, including greater execution risks, higher costs, distraction of management from current operations, inadequate return on investments, increased competitive pressures, exposure to additional regulations and reliance on the performance of third parties. If we become subject to additional government regulations, including alcohol regulations related to licensing, trade and pricing practices, labeling, advertising, promotion and marketing practices, and relationships with distributors, we may become exposed to the risk of increased compliance costs and disruption to our core business.

RISKS RELATED TO THE COCA-COLA SYSTEM

We rely on our bottling partners for a significant portion of our business. If we are unable to maintain good relationships with our bottling partners, our business could suffer.

We generate a significant portion of our net operating revenues by selling concentrates and syrups to independent bottling partners. As independent companies, our bottling partners, some of which are publicly traded companies, make their own business decisions that may not always align with our interests. In addition, some of our bottling partners have the right to manufacture or distribute their own products or certain products of other beverage companies. If we are unable to maintain operating and strategic alignment or agree on appropriate pricing and marketing and advertising support, or if our bottling partners are not satisfied with our brand innovation and development efforts, they may take actions that, while maximizing their own short-term profits, may be detrimental to our Company or our brands, or they may devote more of their resources to business opportunities or products other than those of the Company. Such actions could, in the long term, have an adverse effect on our profitability.

If our bottling partners' financial condition deteriorates, our business and financial results could be affected.

In the vast majority of our markets, our products are sold and distributed by independent bottling partners, and we therefore derive a significant portion of our net operating revenues from sales of concentrates and syrups to independent bottling partners. Accordingly, the success of our business depends in part on our bottling partners' financial strength and profitability. While under our agreements with our bottling partners we generally have the right to unilaterally change the prices we charge for our

concentrates and syrups, our ability to do so may be materially limited by our bottling partners' financial condition and their ability to pass price increases along to their customers. In addition, we have investments in certain of our bottling partners, which we account for under the equity method, and our operating results include our proportionate share of such bottling partners' income or loss. Our bottling partners' financial condition is affected in large part by conditions and events that are beyond our and their control, including competitive and general market conditions; the availability of capital and other financing resources on reasonable terms; loss of major customers; changes in or additional regulations; or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest, natural disasters or other catastrophic events. A deterioration of the financial condition or results of operations of one or more of our major bottling partners could adversely affect our net operating revenues from sales of concentrates and syrups; and, if such deterioration involves one or more of our equity method investee bottling partners, it could also result in a decrease in our equity income and/or impairments of our equity method investments.

We may from time to time engage in refranchising activities or divestitures of certain brands or businesses, which could adversely affect our business and results of operations.

As part of our strategic initiative to focus on our core business of building brands and leading our system of bottling partners, we continue to seek opportunities to refranchise our consolidated bottling operations. Our refranchising activities require significant attention and effort on the part of, and therefore may be a distraction for, senior management. If we are unable to complete future refranchising transactions on terms and conditions favorable to us, or if our refranchising partners are not efficient or not aligned with our long-term vision for the Coca-Cola system, our business and results of operations could be adversely affected. Additionally, we have divested and may in the future divest certain brands or businesses. These divestitures may adversely impact our business, results of operations, cash flows and financial condition if we are unable to offset impacts from the loss of revenue associated with the divested brands or businesses, or if we are otherwise unable to achieve the anticipated benefits or cost savings from such divestitures.

RISKS RELATED TO REGULATORY AND LEGAL MATTERS

Increases in income tax rates, changes in income tax laws, regulations or unfavorable resolutions of tax matters could have a material adverse impact on our financial results.

We are subject to income tax in the United States and numerous other jurisdictions in which we generate profits. Our overall effective income tax rate is a function of applicable local tax rates in the jurisdictions in which we operate, tax treaties between such jurisdictions, and the geographic mix of our income before income taxes, which is itself impacted by currency movements. Consequently, the isolated or combined effects of unfavorable movements in tax rates, geographic mix or foreign exchange rates could reduce our net income. Tax laws and regulations, including rates of taxation, are subject to revision by individual taxing jurisdictions which may result from multilateral agreements. Many jurisdictions have enacted legislation and adopted policies resulting from the Organization for Economic Co-operation and Development's ("OECD") anti-Base Erosion and Profit Shifting project. The OECD is currently coordinating a project on behalf of the G20 and other participating countries which would grant additional taxing rights over profits earned by multinational enterprises to the countries in which their products are sold and services rendered. A second pillar would establish a global per-country minimum tax of 15 percent. It is possible that the adoption of these or other proposals could have a material impact on our net income and cash flows. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions, estimates and accruals. The results of audits or related disputes could have a material adverse effect on our financial statements for the period or periods for which the applicable final determinations are made and for periods for which the statute of limitations is open.

For instance, the United States Internal Revenue Service ("IRS") is seeking to increase our U.S. taxable income for tax years 2007 through 2009 by an amount that creates a potential additional U.S. federal income tax liability of approximately $3.3 billion for that period, plus interest. The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. On November 18, 2020, the U.S. Tax Court ("Tax Court") issued an opinion ("Opinion") predominantly siding with the IRS. Although the Company disagrees with the unfavorable portions of the Opinion and intends to vigorously defend its position, considering all avenues of appeal, there is no assurance that the courts will ultimately rule in the Company's favor. It is therefore possible that all or some of the unfavorable portions of the Opinion could ultimately be upheld. In that event, the Company would be subject to significant additional liabilities for the years at issue and potentially also for the subsequent years if the unfavorable portions of the Opinion were to be applied to the foreign licensees covered within the scope of the Opinion.

Moreover, the IRS could successfully appeal the portions of the Opinion that are favorable to the Company and/or assert new claims for additional tax relating to the subsequent years by broadening the scope to cover additional foreign licensees. These adjustments could have a material adverse impact on the Company's financial position, results of operations and cash flows. Any such adjustments related to years prior to 2018, either in the litigation period or thereafter, may also have an impact on the

transition tax payable as part of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act"). For additional information regarding the tax litigation, refer to the heading "Legal Proceedings" set forth in Part I, "Item 3. Legal Proceedings" of this report.

Increased or new indirect taxes could negatively affect our business.

Our business operations are subject to numerous duties or taxes that are not based on income, sometimes referred to as "indirect taxes," including import duties, tariffs, excise taxes, sales or value-added taxes, taxes on sugar-sweetened beverages, packaging taxes, property taxes and payroll taxes, in many of the jurisdictions in which we operate. In addition, in the past, the U.S. Congress considered imposing a federal excise tax on beverages sweetened with sugar, HFCS or other nutritive sweeteners and may consider similar proposals in the future. As federal, state and local governments in the United States and throughout the world experience significant budget deficits, some lawmakers have singled out beverages among a plethora of revenue-raising items and have imposed or increased, or proposed to impose or increase, sales or similar taxes on beverages, particularly sugar-sweetened beverages. Increases in or the imposition of new indirect taxes on our business operations or products would increase the cost of products or, to the extent levied directly on consumers, make our products less affordable, which may negatively impact our net operating revenues and profitability.

Changes in laws and regulations relating to beverage containers and packaging could increase our costs and reduce demand for our products.

We and our bottlers offer, among other beverage containers, nonrefillable containers in the United States and in various other markets around the world. Legal requirements have been enacted in various jurisdictions requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. Other proposals relating to beverage container deposits, recycling, recycling content, tethered bottle caps, ecotax and/or product stewardship, or even prohibitions on certain types of plastic products, packages and cups, have been introduced and/or adopted in various jurisdictions, and we anticipate that similar legislation or regulations may be proposed in the future at federal, state and local levels, both in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and the related publicity could result in the adoption of additional such legislation or regulations in the future. If these types of requirements are adopted and implemented on a large scale, they could affect our costs or require changes in our distribution model, which could reduce our net operating revenues and profitability.

Significant additional labeling or warning requirements or limitations on the marketing or sale of our products may inhibit sales of affected products.

Various jurisdictions have adopted and may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products as a result of what they contain or allegations that they cause adverse health effects. If these types of requirements become applicable to one or more of our products under current or future environmental or health laws or regulations, they may inhibit sales of such products.

For example, under one such law in California, known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction or development, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the exposure falls under an established safe harbor level or another exemption is applicable. For additional information regarding Proposition 65, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. If we were required to add Proposition 65 warnings on the labels of one or more of our beverage products produced for sale in California, the resulting consumer reaction to the warnings and possible adverse publicity could negatively affect our sales both in California and in other markets.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We are party to various litigation claims and legal proceedings in the ordinary course of business, including, but not limited to, those arising out of our advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, tax disputes, and environmental and employment matters. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates.

We conduct business in markets with high-risk legal compliance environments, which exposes us to increased legal and reputational risk.

We have bottling and other business operations in markets with high-risk legal compliance environments. Our policies and procedures require strict compliance by our employees and agents with all United States and local laws and regulations and consent orders applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, our policies, procedures and related training programs may not always ensure full compliance by our employees

and agents with all applicable legal requirements. Improper conduct by our employees or agents could damage our reputation in the United States and internationally or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

Failure to adequately protect, or disputes relating to, trademarks, formulas and other intellectual property rights could harm our business.

Our trademarks, formulas and other intellectual property rights (refer to the heading "Patents, Copyrights, Trade Secrets and Trademarks" in Part I, "Item 1. Business" of this report) are essential to the success of our business. We cannot be certain that the legal steps we are taking around the world are sufficient to protect our intellectual property rights or that, notwithstanding legal protection, others do not or will not infringe or misappropriate our intellectual property rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products may be eroded and our business could suffer. In addition, we could come into conflict with third parties over intellectual property rights, which could result in disruptive and expensive litigation. Any of the foregoing could harm our business.

Changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations could increase our costs or reduce our net operating revenues.

Our Company is subject to various laws and regulations in the numerous countries throughout the world in which we do business, including laws and regulations relating to competition, product safety, advertising and labeling, container deposits, recycling and product stewardship, the protection of the environment, occupational health and safety, employment and labor practices, personal data protection and privacy, and data security. For additional information regarding laws and regulations applicable to our business, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change; to discourage the use of plastic materials, including regulations relating to recovery and/or disposal of plastic bottles and other packaging materials due to environmental concerns; or to limit or impose additional costs on commercial water use due to local water scarcity concerns, may result in increased compliance costs, capital expenditures and other financial obligations for us and our bottling partners, which could affect our profitability, or may impede the production, distribution, marketing and sale of our products, which could affect our net operating revenues. In addition, failure to comply with various laws and regulations, such as U.S. trade sanctions, the U.S. Foreign Corrupt Practices Act and the Office of Foreign Assets Control trade sanction regulations and anti-boycott regulations, antitrust and competition laws, anti-modern slavery laws, anti-bribery and anti-corruption laws, data privacy laws, including the European Union General Data Protection Regulation, tax laws and regulations and a variety of other applicable local, national and multinational regulations and laws could result in litigation, the assessment of damages, the imposition of penalties, suspension of production or distribution, costly changes to equipment or processes due to required corrective action, or a cessation or interruption of operations at our or our bottling partners' facilities, as well as damage to our or our bottling partners' image and reputation, all of which could harm our or our bottling partners' profitability.

RISKS RELATED TO FINANCE, ACCOUNTING AND INVESTMENTS

Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using many currencies other than the U.S. dollar. In 2021, we used 70 functional currencies in addition to the U.S. dollar and derived $25.6 billion of net operating revenues from operations outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other currencies affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. Because of the geographic diversity of our operations, weakness in some currencies may be offset by strength in others over time. We also use derivative financial instruments to further reduce our net exposure to foreign currency exchange rate fluctuations. However, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, could materially affect our financial results.

If interest rates increase, our net income could be negatively affected.

We maintain levels of debt that we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our cost of capital, which increases our return on shareowners'

equity. This exposes us to adverse changes in interest rates. When and to the extent appropriate, we use derivative financial instruments to reduce our exposure to interest rate risks. However, our financial risk management program may not be successful in reducing the risks inherent in exposures to interest rate fluctuations. On December 31, 2021, the United Kingdom's Financial Conduct Authority, the governing body responsible for regulating the London Interbank Offered Rate ("LIBOR"), ceased to publish certain LIBOR reference rates. However, other LIBOR reference rates, including U.S. dollar overnight, 1-month, 3-month, 6-month and

12-month maturities, will continue to be published through June 2023. In preparation for the discontinuation of LIBOR, we have amended, or will amend, our LIBOR-referencing agreements to either reference the Secured Overnight Financing Rate or include mechanics for selecting an alternative rate, but it is possible that these changes may have an adverse impact on our financing costs as compared to LIBOR in the long term. Our interest expense may also be affected by our credit ratings. In assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, some credit rating agencies also consider financial information of certain of our major bottling partners. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure; our major bottling partners' financial performance; changes in the credit rating agencies' methodology in assessing our credit strength; the credit agencies' perception of the impact of credit market conditions on our or our major bottling partners' current or future financial performance and financial condition; or for any other reason, our cost of borrowing could increase. Additionally, if the credit ratings of certain bottling partners in which we have equity method investments were to be downgraded, such bottling partners' interest expense could increase, which would reduce our equity income.

If we are unable to achieve our overall long-term growth objectives, the value of an investment in our Company could be negatively affected.

We have established and publicly announced certain long-term growth objectives. These objectives are based on, among other things, our evaluation of our growth prospects, which are generally driven by the sales potential of our many beverage products, some of which are more profitable than others, and on an assessment of the potential price and product mix. We may not be able to realize the sales potential and the price and product mix necessary to achieve our long-term growth objectives.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur significant losses.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, including forward contracts, commodity futures contracts, option contracts, collars and swaps, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or to retrieve our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default by or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

We may be required to recognize impairment charges that could materially affect our financial results.

We assess our noncurrent assets, including trademarks, goodwill and other intangible assets, equity method investments and other long-lived assets, as and when required by accounting principles generally accepted in the United States to determine whether they are impaired and, if they are, we record appropriate impairment charges. Our equity method investees also perform similar recoverability and impairment tests, and we record our proportionate share of impairment charges recorded by them adjusted, as appropriate, for the impact of items such as basis differences, deferred taxes and deferred gains. It is possible that we may be required to record significant impairment charges or our proportionate share of significant impairment charges recorded by equity method investees in the future and, if we do so, our net income could be materially adversely affected.

If we fail to realize a significant portion of the anticipated benefits of our strategic relationship with Monster, our financial results could be adversely affected.

We have a long-term strategic relationship in the global energy drink category with Monster. If we are unable to successfully manage our relationship with Monster, or if for any other reason we fail to realize all or a significant part of the benefits we expect from this strategic relationship and the related investment, our financial performance could be adversely affected.

RISKS RELATED TO INFORMATION TECHNOLOGY AND DATA PRIVACY

If we are unable to protect our information systems against service interruption, misappropriation of data or cybersecurity incidents, our operations could be disrupted, we may suffer financial losses and our reputation may be damaged.

We rely on networks and information systems and other technology ("information systems"), including the Internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing and collection of payments, employee processes, consumer marketing, mergers and acquisitions, and research and development. We use information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting and legal and tax requirements. In addition, we depend on information systems for digital marketing activities and electronic communications among our locations around the world and between Company employees and our bottlers and other customers, suppliers and consumers. Because

information systems are critical to many of the Company's operating activities, our business may be impacted by system shutdowns, service disruptions or cybersecurity incidents. These incidents may be caused by failures during routine operations such as system upgrades or by user errors, as well as network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyberattacks by hackers, criminal groups or nation-state organizations (which may include social engineering, business email compromise, cyber extortion, denial of service, or attempts to exploit vulnerabilities), geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. In addition, such incidents could result in unauthorized or accidental disclosure of material confidential information or regulated personal data. If our information systems or third-party information systems on which we rely suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, and we may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments for concentrates or finished products. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, falsification or unavailability of, information could result in violations of data protection laws and regulations, damage to the reputation and credibility of the Company, loss of opportunities to acquire or divest of businesses or brands, and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us, our current or former employees, our bottling partners, other customers or suppliers, or consumers or other data subjects, and may become exposed to legal action and increased regulatory oversight, including governmental investigations, enforcement actions and regulatory fines. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems. These risks also may be present to the extent any of our bottling partners, distributors, joint venture partners or suppliers using separate information systems, not integrated with the information systems of the Company, suffers a cybersecurity incident and could result in increased costs related to involvement in investigations or notifications conducted by these third parties. These risks may also be present to the extent a business we have acquired, but which does not use our information systems, experiences a system shutdown, service disruption, or cybersecurity incident.

Like most major corporations, the Company's information systems are a target of attacks. In addition, third-party providers of data hosting or cloud services, as well as our bottling partners, distributors, joint venture partners, suppliers or acquired businesses that use separate information systems, may experience cybersecurity incidents that may involve data we share with them. Although the incidents that we have experienced to date, as well as those reported to us by our third-party partners, have not had a material effect on our business, financial condition or results of operations, such incidents could have a material adverse effect on us in the future. In order to address risks to our information systems, we continue to make investments in personnel, technologies and training. Data protection laws and regulations around the world often require "reasonable," "appropriate" or "adequate" technical and organizational security measures, and the interpretation and application of those laws and regulations are often uncertain and evolving; there can be no assurance that our security measures will be deemed adequate, appropriate or reasonable by a regulator or court. Moreover, even security measures that are deemed appropriate, reasonable or in accordance with applicable legal requirements may not be able to protect the information we maintain. In addition to potential fines, we could be subject to mandatory corrective action due to a cybersecurity incident, which could adversely affect our business operations and result in substantial costs for years to come. The Company maintains an information risk management program which is supervised by information technology management and reviewed by a cross-functional committee. As part of this program, reports that include analysis of emerging risks, as well as the Company's plans and strategies to address them, are regularly presented to senior management and the Audit Committee of the Board of Directors. While we have purchased cybersecurity insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyberattacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as appropriate for our operations.

If we fail to comply with personal data protection and privacy laws, we could be subject to adverse publicity, government enforcement actions and/or private litigation, which could negatively affect our business and operating results.

In the ordinary course of our business, we receive, process, transmit and store information relating to identifiable individuals ("personal data"), primarily employees, former employees and consumers with whom we interact. As a result, we are subject to various U.S. federal and state and foreign laws and regulations relating to personal data. These laws have been subject to frequent changes, and new legislation in this area may be enacted in other

jurisdictions at any time. These laws impose operational requirements for companies receiving or processing personal data, and many provide for significant penalties for noncompliance. Some laws and regulations also impose obligations regarding cross-border data transfers of personal data. These requirements with respect to personal data have subjected and may continue in the future to subject the Company to, among other things, additional costs and expenses and have required and may in the future require costly changes to our business practices and information security systems, policies, procedures and practices. In addition, some countries are considering or have enacted data localization laws requiring that certain data in their country be maintained, stored and/or processed in their country. Maintaining local data centers in individual countries could increase our operating costs

significantly. Our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future may not prevent the improper disclosure of personal data by us or the third-party service providers and vendors whose technology, systems and services we use in connection with the receipt, storage and transmission of personal data. Unauthorized access to or improper disclosure of personal data in violation of personal data protection or privacy laws could harm our reputation, cause loss of consumer confidence, subject us to regulatory enforcement actions (including penalties, fines and investigations), and result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect our business and operating results. We have incurred, and will continue to incur, expenses to comply with privacy and data protection standards and protocols imposed by law, regulation, industry standards and contractual obligations. Increased regulation of data collection, use, and retention practices, including self-regulation and industry standards, changes in existing laws and regulations, enactment of new laws and regulations, increased enforcement activity, and changes in interpretation of laws, could increase our cost of compliance and operation, limit our ability to grow our business or otherwise harm our business.

RISKS RELATED TO ENVIRONMENTAL AND SOCIAL FACTORS

Our ability to achieve our environmental, social and governance goals are subject to risks, many of which are outside of our control, and our reputation and brands could be harmed if we fail to meet such goals.

Companies across all industries are facing increasing scrutiny from stakeholders related to environmental, social and governance ("ESG") matters, including practices and disclosures related to environmental stewardship; social responsibility; diversity, equity and inclusion; and workplace rights. Our ability to achieve our ESG goals and objectives and to accurately and transparently report our progress presents numerous operational, financial, legal and other risks, and are dependent on the actions of our bottling partners, suppliers and other third parties, all of which are outside of our control. If we are unable to meet our ESG goals or evolving stakeholder expectations and industry standards, or if we are perceived to have not responded appropriately to the growing concern for ESG issues, our reputation, and therefore our ability to sell products, could be negatively impacted. In addition, in recent years, investor advocacy groups and certain institutional investors have placed increasing importance on ESG matters. If, as a result of their assessment of our ESG practices, certain investors are unsatisfied with our actions or progress, they may reconsider their investment in our Company.

As the nature, scope and complexity of ESG reporting, diligence and disclosure requirements expand, we may have to undertake additional costs to control, assess and report on ESG metrics. Any failure or perceived failure, whether or not valid, to pursue or fulfill our ESG goals, targets and objectives or to satisfy various ESG reporting standards within the timelines we announce, or at all, could increase the risk of litigation.

Increasing concerns about the environmental impact of plastic bottles and other packaging materials could result in reduced demand for our beverage products and increased production and distribution costs.

There are increasing concerns among consumers, governments and other stakeholders about the damaging impact of the accumulation of plastic bottles and other packaging materials in the environment, particularly in the world's waterways, lakes and oceans, as well as inefficient use of resources when packaging materials are not included in a circular economy. We and our bottling partners sell certain of our beverage products in plastic bottles and use other packaging materials that, while largely recyclable, may not be regularly recovered and recycled due to low economic value or lack of collection and recycling infrastructure. If we and our bottling partners do not, or are perceived not to, act responsibly to address plastic materials recoverability and recycling concerns, our corporate image and brand reputation could be damaged, which may cause some consumers to reduce or discontinue consumption of some of our beverage products. In addition, from time to time we establish and publicly announce goals and commitments to reduce the Coca-Cola system's impact on the environment by increasing our use of recycled content in our packaging materials; increasing our use of packaging materials that are made in part of plant-based renewable materials; expanding our use of reusable packaging (including refillable or returnable glass and plastic bottles, as well as dispensed and fountain delivery models where consumers use refillable containers for our beverages); participating in programs and initiatives to reclaim or recover plastic bottles and other packaging materials that are already in the environment; and taking other actions and participating in other programs and initiatives organized or sponsored by nongovernmental organizations and other groups. If we and our bottling partners fail to achieve or improperly report on our progress toward achieving our announced environmental goals and commitments, the resulting negative publicity could adversely affect consumer preference for our products. In addition, in response to environmental concerns, governmental entities in the United States and in many other jurisdictions around the world have adopted, or are considering adopting, regulations and policies designed to mandate or encourage plastic packaging waste

reduction and an increase in recycling rates and/or recycled content minimums, or, in some cases, restrict or even prohibit the use of certain plastic containers or packaging materials. These regulations and policies, whatever their scope or form, could increase the cost of our beverage products or otherwise put the Company at a competitive disadvantage. In addition, our increased focus on reducing plastic containers and other packaging materials waste may require us or our bottling partners to incur additional expenses and to increase our capital expenditures. A reduction in consumer demand for our products and/or an increase in costs and expenditures relating to production and

distribution as a result of these environmental concerns regarding plastic bottles and other packaging materials could have an adverse effect on our business and results of operations.

Water scarcity and poor quality could negatively impact the Coca-Cola system's costs and capacity.

Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve and the ecosystems in which we operate. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution and emerging awareness of potential contaminants, poor management, lack of physical or financial access to water, sociopolitical tensions due to lack of public infrastructure in certain areas of the world and the effects of climate change. As the demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, the Coca-Cola system may incur higher costs or face capacity constraints and the possibility of reputational damage, which could adversely affect our profitability.

Increased demand for food products and decreased agricultural productivity may negatively affect our business.

As part of the manufacture of our beverage products, we and our bottling partners use a number of key ingredients that are derived from agricultural commodities such as sugarcane, corn, sugar beets, citrus, coffee and tea. Increased demand for food products; decreased agricultural productivity in certain regions of the world as a result of changing weather patterns; increased agricultural regulations; and other factors have in the past, and may in the future, limit the availability and/or increase the cost of such agricultural commodities and could impact the food security of communities around the world. If we are unable to implement programs focused on economic opportunity and environmental sustainability to address these agricultural challenges and fail to make a strategic impact on food security through joint efforts with bottlers, farmers, communities, suppliers and key partners, as well as through our increased and continued investment in sustainable agriculture, our ability to source raw materials for use in our manufacturing processes and the affordability of our products and ultimately our business and results of operations could be negatively impacted.

Climate change and legal or regulatory responses thereto may have a long-term adverse impact on our business and results of operations.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products, and could impact the food security of communities around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for the Coca-Cola system's bottling operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. Increasing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of our beverage products. The effects of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations. In addition, from time to time we establish and publicly announce goals and commitments to reduce the Coca-Cola system's carbon footprint by increasing our use of recycled packaging materials, expanding our renewable energy usage, and participating in environmental and sustainability programs and initiatives organized or sponsored by nongovernmental organizations and other groups to reduce greenhouse gas emissions industrywide. If we and our bottling partners fail to achieve or improperly report on our progress toward achieving our carbon footprint reduction goals and commitments, the resulting negative publicity could adversely affect consumer preference for our beverage products.

Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our

products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our worldwide headquarters is located on a 35-acre complex in Atlanta, Georgia. The complex includes several office buildings which are used by Corporate employees and North America operating segment employees. In addition, the complex includes technical and engineering facilities along with a reception center.

We own or lease additional facilities, real estate and office space throughout the world, which we use for administrative, manufacturing, processing, packaging, storage, warehousing, distribution and retail operations. These properties are generally included in the geographic operating segment in which they are located, with the exception of our Costa retail stores, which are included in the Global Ventures operating segment, and facilities related to our consolidated bottling and distribution operations, which are included in the Bottling Investments operating segment.

The following table summarizes our principal production facilities, distribution and storage facilities, and retail stores by operating segment and Corporate as of December 31, 2021:

	Principal Concentrate and/or Syrup Plants		Principal Beverage Manufacturing/ Bottling Plants		Principal Distribution and Storage Facilities		Principal Retail Stores	
	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
Europe, Middle East & Africa	5	—	2	—	7	27	—	13
Latin America	5	—	—	—	2	3	—	—
North America	11	—	7	4	—	23	—	—
Asia Pacific	7	—	—	—	2	1	—	—
Global Ventures	1	—	2	—	—	8	—	1,587
Bottling Investments	—	—	82	3	105	99	—	—
Corporate	3	—	—	—	—	5	—	—
Total	32	—	93	7	116	166	—	1,600

Management believes that our Company's facilities used for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production capacity for their present intended purposes. The extent of utilization of our production facilities varies based upon seasonal demand for our products. However, management believes that additional production can be achieved at the existing facilities by adding personnel and capital equipment or, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire or lease additional facilities and/or dispose of existing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including the proceedings specifically discussed below. Management
believes that, except as disclosed in "U.S. Federal Income Tax Dispute" below, the total liabilities of the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Aqua-Chem Litigation

On December 20, 2002, the Company filed a lawsuit (The Coca-Cola Company v. Aqua-Chem, Inc., Civil Action No. 2002CV631-50) in the Superior Court of Fulton County, Georgia ("Georgia Case"), seeking a declaratory judgment that the Company has no obligation to its former subsidiary, Aqua-Chem, Inc., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"), for any past, present or future liabilities or expenses in connection with any claims or lawsuits against Aqua-Chem. Subsequent to the Company's filing but on the same day, Aqua-Chem filed a lawsuit (Aqua-Chem, Inc. v. The Coca-Cola Company, Civil Action No. 02CV012179) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin ("Wisconsin Case"). In the Wisconsin Case, Aqua-Chem sought a declaratory judgment that the Company is responsible for all liabilities and expenses not covered by insurance in connection with certain of Aqua-Chem's general and product liability claims arising from occurrences prior to the Company's sale of Aqua-Chem in 1981, and a judgment for breach of contract in an amount exceeding $9 million for costs incurred by

Aqua-Chem to date in connection with such claims. The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem.

The Company owned Aqua-Chem from 1970 to 1981. During that time, the Company purchased over $400 million of insurance coverage, which also insures Aqua-Chem for some of its prior and future costs for certain product liability and other claims. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc., in 1981 under the terms of a stock sale agreement. The 1981 agreement, and a subsequent 1983 settlement agreement, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem. Cleaver-Brooks, a division of Aqua-Chem, manufactured boilers, some of

which contained asbestos gaskets. Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and currently has approximately 15,000 active claims pending against it.

The parties agreed in 2004 to stay the Georgia Case pending the outcome of insurance coverage litigation filed by certain Aqua-Chem insurers on March 26, 2004. In the coverage action, five plaintiff insurance companies filed suit (Century Indemnity Company, et al. v. Aqua-Chem, Inc., The Coca-Cola Company, et al., Case No. 04CV002852) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin, against the Company, Aqua-Chem and 16 insurance companies. Several of the policies that were the subject of the coverage action had been issued to the Company during the period (1970 to 1981) when the Company owned Aqua-Chem. The complaint sought a determination of the respective rights and obligations under the insurance policies issued with regard to asbestos-related claims against Aqua-Chem. The action also sought a monetary judgment reimbursing any amounts paid by the plaintiffs in excess of their obligations. Two of the insurers, one with a $15 million policy limit and one with a $25 million policy limit, asserted cross-claims against the Company, alleging that the Company and/or its insurers are responsible for Aqua-Chem's asbestos liabilities before any obligation is triggered on the part of the cross-claimant insurers to pay for such costs under their policies.

Aqua-Chem and the Company filed and obtained a partial summary judgment determination in the coverage action that the insurers for Aqua-Chem and the Company were jointly and severally liable for coverage amounts, but reserving judgment on other defenses that might apply. During the course of the Wisconsin insurance coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who paid funds into escrow accounts for payment of costs arising from the asbestos claims against Aqua-Chem. On July 24, 2007, the Wisconsin trial court entered a final declaratory judgment regarding the rights and obligations of the parties under the insurance policies issued by the remaining defendant insurers, which judgment was not appealed. The judgment directs, among other things, that each insurer whose policy is triggered is jointly and severally liable for 100 percent of Aqua-Chem's losses up to policy limits. The court's judgment concluded the Wisconsin insurance coverage litigation.

The Company and Aqua-Chem continued to pursue and obtain coverage agreements for the asbestos-related claims against Aqua-Chem with those insurance companies that did not settle in the Wisconsin insurance coverage litigation. The Company anticipated that a final settlement with three of those insurers ("Chartis insurers") would be finalized in May 2011, but the Chartis insurers repudiated their settlement commitments and, as a result, Aqua-Chem and the Company filed suit against them in Wisconsin state court to enforce the coverage-in-place settlement or, in the alternative, to obtain a declaratory judgment validating Aqua-Chem and the Company's interpretation of the court's judgment in the Wisconsin insurance coverage litigation.

In February 2012, the parties filed and argued a number of cross-motions for summary judgment related to the issues of the enforceability of the settlement agreement and the exhaustion of policies underlying those of the Chartis insurers. The court granted defendants' motions for summary judgment that the 2011 Settlement Agreement and 2010 Term Sheet were not binding contracts, but denied their similar motions related to plaintiffs' claims for promissory and/or equitable estoppel. On or about May 15, 2012, the parties entered into a mutually agreeable settlement/stipulation resolving two major issues: exhaustion of underlying coverage and control of defense. On or about January 10, 2013, the parties reached a settlement of the estoppel claims and all of the remaining coverage issues, with the exception of one disputed issue relating to the scope of the Chartis insurers' defense obligations in two policy years. The trial court granted summary judgment in favor of the Company and Aqua-Chem on that one open issue and entered a final appealable judgment to that effect following the parties' settlement. On January 23, 2013, the Chartis insurers filed a notice of appeal of the trial court's summary judgment ruling. On October 29, 2013, the Wisconsin Court of Appeals affirmed the grant of summary judgment in favor of the Company and Aqua-Chem. On November 27, 2013, the Chartis insurers filed a petition for review in the Supreme Court of Wisconsin, and on December 11, 2013, the Company filed its opposition to that petition. On April 16, 2014, the Supreme Court of Wisconsin denied the Chartis insurers' petition for review.

The Georgia Case remains subject to the stay agreed to in 2004.

U.S. Federal Income Tax Dispute

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the IRS seeking approximately $3.3 billion of additional federal income tax for years 2007 through 2009. In the Notice, the IRS stated its intent to reallocate over $9 billion of income to the U.S. parent company from certain of its foreign affiliates that the U.S. parent company licensed to manufacture, distribute, sell, market and promote its products in certain non-U.S. markets.

The Notice concerned the Company's transfer pricing between its U.S. parent company and certain of its foreign affiliates. IRS rules governing transfer pricing require arm's-length pricing of transactions between related parties such as the Company's U.S. parent and its foreign affiliates.

To resolve the same transfer pricing issue for the tax years 1987 through 1995, the Company and the IRS had agreed in 1996 on an arm's-length methodology for determining the amount of U.S. taxable income that the U.S. parent company would report as

compensation from its foreign licensees. The Company and the IRS memorialized this accord in a closing agreement resolving that dispute ("Closing Agreement"). The Closing Agreement provided that, absent a change in material facts or circumstances or relevant federal tax law, in calculating the Company's income taxes going forward, the Company would not be assessed penalties by the IRS for using the agreed-upon tax calculation methodology that the Company and the IRS agreed would be used for the 1987 through 1995 tax years.

The IRS audited and confirmed the Company's compliance with the agreed-upon Closing Agreement methodology in five successive audit cycles for tax years 1996 through 2006.

The September 17, 2015 Notice from the IRS retroactively rejected the previously agreed-upon methodology for the 2007 through 2009 tax years in favor of an entirely different methodology, without prior notice to the Company. Using the new tax calculation methodology, the IRS reallocated over $9 billion of income to the U.S. parent company from its foreign licensees for tax years 2007 through 2009. Consistent with the Closing Agreement, the IRS did not assert penalties, and it has yet to do so.

The IRS designated the Company's matter for litigation on October 15, 2015. Litigation designation is an IRS determination that forecloses to a company any and all alternative means for resolution of a tax dispute. As a result of the IRS' designation of the Company's matter for litigation, the Company was forced to either accept the IRS' newly imposed tax assessment and pay the full amount of the asserted tax or litigate the matter in the federal courts. The matter remains subject to the IRS' litigation designation, preventing the Company from any attempt to settle or otherwise mutually resolve the matter with the IRS.

The Company consequently initiated litigation by filing a petition in the Tax Court in December 2015, challenging the tax adjustments enumerated in the Notice.

Prior to trial, the IRS increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million. The Company obtained a summary judgment in its favor on a different matter related to Mexican foreign tax credits, which thereafter effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The trial was held in the Tax Court from March through May 2018, and final post-trial briefs were filed and exchanged in April 2019.

On November 18, 2020, the Tax Court issued the Opinion in which it predominantly sided with the IRS but agreed with the Company that dividends previously paid by the foreign licensees to the U.S. parent company in reliance upon the Closing Agreement should continue to be allowed to offset royalties, including those that would become payable to the Company in accordance with the Opinion. The Tax Court reserved ruling on the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil until after the Tax Court issues its opinion in the separate case of 3M Co. & Subs. v. Commissioner, T.C. Docket No. 5816-13 (filed March 11, 2013). Once the Tax Court issues its opinion in 3M Co. & Subs. v. Commissioner, the Company expects the Tax Court thereafter to render another opinion, and ultimately a final decision, in the Company's case.

The Company believes that the IRS and the Tax Court misinterpreted and misapplied the applicable regulations in reallocating income earned by the Company's foreign licensees to increase the Company's U.S. tax. Moreover, the Company believes that the retroactive imposition of such tax liability using a calculation methodology different from that previously agreed upon by the IRS and the Company, and audited by the IRS for over a decade, is unconstitutional. The Company intends to assert its claims on appeal and vigorously defend its position.

In determining the amount of tax reserve to be recorded as of December 31, 2020, the Company completed the required two-step evaluation process prescribed by Accounting Standards Codification 740, *Accounting for Income Taxes*. In doing so, we consulted with outside advisors, and we reviewed and considered relevant laws, rules, and regulations, including, but not limited to, the Opinion and relevant caselaw. We also considered our intention to vigorously defend our positions and assert our various well-founded legal claims via every available avenue of appeal. We concluded, based on the technical and legal merits of the Company's tax positions, that it is more likely than not the Company's tax positions will ultimately be sustained on appeal. In addition, we considered a number of alternative transfer pricing methodologies, including the methodology asserted by the IRS and affirmed in the Opinion ("Tax Court Methodology"), that could be applied by the courts upon final resolution of the litigation. Based on the required probability analysis, we determined the methodologies we believe the federal courts could ultimately order to be used in calculating the Company's tax. As a result of this analysis, we recorded a tax reserve of $438 million during the year ended December 31, 2020 related to the application of the resulting methodologies as well as the different tax treatment applicable to dividends originally paid to the U.S. parent company by its foreign

licensees, in reliance upon the Closing Agreement, that would be recharacterized as royalties in accordance with the Opinion and the Company's analysis.

The Company's conclusion that it is more likely than not the Company's tax positions will ultimately be sustained on appeal is unchanged as of December 31, 2021. However, we updated our calculation of the methodologies we believe the federal courts could ultimately order to be used in calculating the Company's tax. As a result of the application of the required probability

analysis to these updated calculations and the accrual of interest through the current reporting period, we updated our tax reserve as of December 31, 2021 to $400 million.

While the Company strongly disagrees with the IRS' positions and the portions of the Opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In that event, the Company would likely be subject to significant additional liabilities for tax years 2007 through 2009, and potentially also for subsequent years, which could have a material adverse impact on the Company's financial position, results of operations, and cash flows.

The Company calculated the potential impact of applying the Tax Court Methodology to reallocate income from foreign licensees potentially covered within the scope of the Opinion, assuming such methodology were to be ultimately upheld by the courts, and the IRS were to decide to apply that methodology to subsequent years, with consent of the federal courts. This impact would include taxes and interest accrued through December 31, 2021 for the 2007 through 2009 litigated tax years and for subsequent tax years from 2010 through 2021. The calculations incorporated the estimated impact of correlative adjustments to the previously accrued transition tax payable under the 2017 Tax Cuts and Jobs Act. The Company estimates that the potential aggregate incremental tax and interest liability could be approximately $13 billion as of December 31, 2021. Additional income tax and interest would continue to accrue until the time any such potential liability, or portion thereof, were to be paid. We currently project the continued application of the Tax Court Methodology in future years, assuming similar facts and circumstances as of December 31, 2021, would result in an incremental annual tax liability that would increase the Company's effective tax rate by approximately 3.5 percent.

The Company does not know when the Tax Court will issue its opinion regarding the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil for the 2007 through 2009 tax years. After the Tax Court issues its opinion on the Company's Brazilian licensee, the Company and the IRS will be provided time to agree on the tax impact, if any, of both opinions, after which the Tax Court would render a final decision in the case. The Company will have 90 days thereafter to file a notice of appeal to the U.S. Court of Appeals for the Eleventh Circuit and pay the tax liability and interest related to the 2007 through 2009 tax years. The Company currently estimates that the payment to be made at that time related to the 2007 through 2009 tax years, which is included in the above estimate of the potential aggregate incremental tax and interest liability, would be approximately $4.9 billion (including interest accrued through December 31, 2021), plus any additional interest accrued through the time of payment. Some or all of this amount would be refunded if the Company were to prevail on appeal.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM X. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following are the executive officers of our Company as of February 22, 2022:

Name	Age	Position
Manuel Arroyo	54	Chief Marketing Officer since January 2020. President of the Asia Pacific Group from January 2019 to December 2020. President of the Mexico business unit from July 2017 to December 2018, and prior to that, General Manager for Iberia from February 2017. Prior to rejoining the Company in February 2017, Chief Executive Officer of Deoleo, S.A., a Spanish multinational olive oil processing company, from May 2015 to September 2016, and Senior Vice President and President, Asia Pacific, of S.C. Johnson & Son, Inc., a multinational consumer product manufacturer, from September 2014 to May 2015. President of the Company's ASEAN business unit from 2010 to August 2014.
Henrique Braun	53	President of the Latin America operating unit since January 2021, and prior to that, President of the Brazil business unit from September 2016. President of the Greater China and Korea business unit from March 2013 to September 2016.
Lisa Chang	53	Senior Vice President and Chief People Officer since March 2019 when she joined the Company. Prior to that, Senior Vice President and Chief Human Resources Officer for AMB Group LLC, which is the investment management and shared services arm of The Blank Family of Businesses, from 2014 through 2018. Prior to joining AMB Group LLC, Vice President of Human Resources for International at Equifax Inc. from 2013 through 2014, where she led human resources for all of its global locations.

Monica Howard Douglas	49	Senior Vice President and General Counsel since April 2021, and prior to that, Chief Compliance Officer and Associate General Counsel of the North America operating unit from January 2018. Legal director for the Southern and East Africa business unit from September 2013 to December 2017, and Vice President of Supply Chain and Consumer Affairs and Senior Managing Counsel, Coca-Cola Refreshments, from 2008 to September 2013.
Nikolaos Koumettis	57	President of the Europe operating unit since January 2021, and prior to that, President of the Europe, Middle East and Africa Group from January 2019. President of the Central and Eastern Europe business unit from April 2016 to December 2018, and President of the Central and Southern Europe business unit from April 2011 to April 2016.
Jennifer K. Mann	49	President, Global Ventures since January 2019 and Senior Vice President since May 2017. Served as Chief People Officer from May 2017 to March 2019 and as Chief of Staff for James Quincey, then President and Chief Operating Officer and later Chief Executive Officer, from October 2015 to October 2018. Vice President and General Manager of Coca-Cola Freestyle from June 2012 to October 2015.
John Murphy	60	Executive Vice President and Chief Financial Officer since March 2019, and prior to that, Senior Vice President and Deputy Chief Financial Officer from January 2019. President of the Asia Pacific Group from August 2016 to December 2018, and President of the South Latin business unit from January 2013 to August 2016.
Beatriz Perez	52	Senior Vice President and Chief of Communications, Sustainability and Strategic Partnerships since May 2017. Served as the Company's first Chief Sustainability Officer from July 2011 to April 2017, and as Vice President, Global Partnerships and Licensing, Retail and Attractions from July 2016 to April 2017. Chair of The Coca-Cola Foundation, Inc., the Company's primary international philanthropic arm, since October 2017.
Nancy Quan	55	Senior Vice President since January 2019. Chief Technical and Innovation Officer since February 2021, and prior to that, Chief Technical Officer from January 2019, and Chief Technical Officer of Coca-Cola North America from July 2016. Global R&D Officer from January 2012 to July 2016.
James Quincey	57	Chairman of the Board of Directors since April 2019 and Chief Executive Officer since May 2017. Elected to the Board of Directors in April 2017. President from April 2015 to December 2018, and Chief Operating Officer from August 2015 to April 2017.
Alfredo Rivera	60	President of the North America operating unit since August 2020, and prior to that, President of the Latin America Group from August 2016. President of the Latin Center business unit from January 2013 to August 2016.
Barry Simpson	61	Senior Vice President since December 2016 and Chief Platform Services Officer since January 1, 2021. Prior to that, Chief Information and Integrated Services Officer from January 2019, when his duties were expanded to include oversight of portions of the Company's Enabling Services organization, and Chief Information Officer from October 2016. Prior to joining the Company in January 2016 as the head of Global Business Unit Information Technology Services, Chief Information Officer of Coca-Cola Amatil Limited, a Coca-Cola bottler based in Sydney, Australia, from 2008 to December 2015.
Brian Smith	66	President and Chief Operating Officer since January 2019, and prior to that, President of the Europe, Middle East and Africa Group from August 2016. President of the Latin America Group from January 2013 to August 2016.

All executive officers serve at the pleasure of the Board of Directors. There is no family relationship between any of the Directors or executive officers of the Company.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal United States market in which the Company's common stock is listed and traded is the New York Stock Exchange and the corresponding trading symbol is "KO."

While we have historically paid dividends to holders of our common stock on a quarterly basis, the declaration and payment of future dividends will depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and are at the discretion of our Board of Directors.

As of February 18, 2022, there were 191,391 shareowner accounts of record. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" in the Company's definitive Proxy Statement for the 2022 Annual Meeting of Shareowners ("Company's 2022 Proxy Statement"), to be filed with the SEC, is incorporated herein by reference.

During the year ended December 31, 2021, no equity securities of the Company were sold by the Company that were not registered under the Securities Act of 1933, as amended.

The following table presents information with respect to purchases of common stock of the Company made during the three months ended December 31, 2021 by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan [2]	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans [3]
October 2, 2021 through October 29, 2021	9,480	$ 54.48	—	161,029,667
October 30, 2021 through November 26, 2021	—	—	—	161,029,667
November 27, 2021 through December 31, 2021	106,605	53.64	—	161,029,667
Total	116,085	$ 53.71	—	

[1] The total number of shares purchased includes: (i) shares purchased, if any, pursuant to the 2012 Plan described in footnote 2 below and (ii) shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees.

[2] On October 18, 2012, the Company publicly announced that our Board of Directors had authorized a plan ("2012 Plan") for the Company to purchase up to 500 million shares of our common stock. This column discloses the number of shares purchased pursuant to the 2012 Plan during the indicated time periods (including shares purchased pursuant to the terms of preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act).

[3] On February 21, 2019, the Company publicly announced that our Board of Directors had authorized a new plan ("2019 Plan") for the Company to purchase up to 150 million shares of our common stock following the completion of the 2012 Plan. This column discloses the number of shares available for purchase under the 2012 Plan and the number of shares authorized for purchase under the 2019 Plan.

Performance Graph
Comparison of Five-Year Cumulative Total Shareowner Return Among
The Coca-Cola Company, the Peer Group Index and the S&P 500 Index

Total Shareowner Return
Stock Price Plus Reinvested Dividends

ko-20211231_g2.jpg

December 31,	2016	2017	2018	2019	2020	**2021**
The Coca-Cola Company	$ 100	$ 114	$ 122	$ 147	$ 151	**$ 168**
Peer Group Index	100	111	90	112	121	**139**
S&P 500 Index	100	122	116	153	181	**233**

The total shareowner return is based on a $100 investment on December 31, 2016 and assumes that dividends were reinvested on the day of issuance.

The Peer Group Index is a self-constructed peer group of companies that are included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index, from which the Company has been excluded.

The Peer Group Index consists of the following companies: Altria Group, Inc., Archer Daniels Midland Company, Beyond Meat, Inc., The Boston Beer Company, Inc., Brown-Forman Corporation, Bunge Limited, Campbell Soup Company, ConAgra Brands, Inc., Constellation Brands, Inc., Darling Ingredients Inc., Flowers Foods, Inc., Freshpet Inc., General Mills, Inc., The Hain Celestial Group, Inc., Herbalife Nutrition Ltd., The Hershey Company, Hormel Foods Corporation, Ingredion Incorporated, Kellogg Company, Keurig Dr Pepper Inc., The Kraft Heinz Company, Lamb Weston Holdings, Inc., Lancaster Colony Corporation, McCormick & Company, Incorporated, Molson Coors Brewing Company, Mondelēz International, Inc., Monster Beverage Corporation, National Beverage Corp., PepsiCo, Inc., Performance Food Group Company, Philip Morris International Inc., Pilgrim's Pride Corporation, Post Holdings, Inc., Seaboard Corporation, The J.M. Smucker Company, Tyson Foods, Inc. and US Foods Holding Corp.

Companies included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index change periodically. In 2021, the Dow Jones Food & Beverage Index and the Peer Group Index included Freshpet Inc., which was not included in the indices in 2020. Additionally, in 2021 these indices do not include Jefferies Financial Group Inc. and TreeHouse Foods, Inc., which were included in the indices in 2020.

ITEM 6. INTENTIONALLY OMITTED

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

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand The Coca-Cola Company, our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report. MD&A includes the following sections:

- *Our Business* — a general description of our business and its challenges and risks.
- *Critical Accounting Policies and Estimates* — a discussion of accounting policies that require critical judgments and estimates.
- *Operations Review* — an analysis of our consolidated results of operations for 2021 and 2020 and year-to-year comparisons between 2021 and 2020. An analysis of our consolidated results of operations for 2020 and 2019 and year-to-year comparisons between 2020 and 2019 can be found in MD&A in Part II, Item 7 of the Company's Form 10-K for the year ended December 31, 2020.
- *Liquidity, Capital Resources and Financial Position* — an analysis of cash flows, contractual obligations, foreign exchange, and the impact of inflation and changing prices.

Our Business

General

The Coca-Cola Company is a total beverage company, and beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories. We own or license and market numerous beverage brands, which we group into the following categories: Trademark Coca-Cola; sparkling flavors; hydration, sports, coffee and tea; nutrition, juice, dairy and plant-based beverages; and emerging beverages. We own and market five of the world's top six nonalcoholic sparkling soft drink brands: Coca-Cola, Sprite, Fanta, Diet Coke and Coca-Cola Zero Sugar.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as the Company's consolidated bottling and distribution operations. Beverages bearing trademarks owned by or licensed to us account for 2.1 billion of the approximately 63 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate operations"); and
- finished sparkling soft drinks and other beverages (we refer to this part of our business as our "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

Our concentrate operations typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with still or sparkling water and sweeteners (depending on the product), or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic

bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrates, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who

in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished beverages to retailers, or to distributors and wholesalers who in turn sell the beverages to retailers. These operations consist primarily of our consolidated bottling and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. Additionally, we sell directly to consumers through retail stores operated by Costa. These sales are included in our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who in turn sell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

The following table sets forth the percentage of total net operating revenues attributable to concentrate operations and finished product operations:

Year Ended December 31,	**2021**	2020
Concentrate operations	**56 %**	56 %
Finished product operations	**44**	44
Total	**100 %**	100 %

The following table sets forth the percentage of total worldwide unit case volume attributable to concentrate operations and finished product operations:

Year Ended December 31,	**2021**	2020
Concentrate operations	**83 %**	82 %
Finished product operations	**17**	18
Total	**100 %**	100 %

We operate in the highly competitive commercial beverage industry. We face strong competition from numerous other general and specialty beverage companies. We, along with other beverage companies, are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, consumer spending, economic conditions, availability and quality of water, consumer preferences, inflation, political climates, local and national laws and regulations, foreign currency fluctuations, fuel prices, weather patterns and the COVID-19 pandemic.

Throughout 2021, the effects of the COVID-19 pandemic and the related actions by governments around the world to attempt to contain the spread of the virus continued to impact our business globally. In particular, the number of people contracting COVID-19 and the preventive measures taken to contain COVID-19, including the spread of new variants, negatively impacted our unit case volume and increased our costs to manufacture and distribute our products. Our price, product and geographic mix was also negatively impacted, primarily due to unfavorable channel and product mix as consumer demand shifted to more at-home consumption versus away-from-home consumption. However, the timing and number of people receiving vaccinations, the governmental actions to reopen certain economies around the world, and the substance and pace of the economic recovery favorably impacted our business when compared to 2020. While uncertainties caused by the COVID-19 pandemic remain, and factors such as the state of the supply chain, labor shortages and the inflationary environment are likely to impact the pace of the economic recovery, we expect to continue to see improvements in our business as we continue to learn and adapt to the ever-changing environment.

The Company's priorities during the COVID-19 pandemic and related business disruptions are ensuring the health and safety of our employees; supporting and making a difference in the communities we serve; keeping our brands in supply; maintaining the quality and safety of our products; and serving our customers across all channels as they adapt to the shifting demands of consumers during the pandemic.

Throughout the pandemic, business continuity and adapting to the needs of our customers have been critical. We have developed systemwide knowledge-sharing routines and processes, which include the management of any supply chain challenges. As of the date of this filing, while we have experienced some temporary supply chain disruptions, there has been no material impact, and we do not foresee a material impact, on our and our bottling partners' ability to manufacture or distribute our products.

Despite the pandemic, we are not losing sight of long-term opportunities for our business. The pandemic helped us realize we could be much bolder in our efforts to change. We identified the following key objectives to navigate the pandemic and position us to capture growth: winning more consumers; gaining market share; maintaining strong system economics; strengthening stakeholder impact; and equipping the organization to win. In order to deliver against these objectives, we focused on the following priorities: unlocking the potential of our portfolio of strong global, regional and scaled local brands; developing a robust innovation pipeline focusing on scalable initiatives; increasing consumer-centric marketing effectiveness and efficiency; winning in the marketplace with aligned data-driven revenue growth management and execution capabilities; and further embedding ESG goals into our operations. In August 2020, the Company announced strategic steps to transform our organizational structure to better enable us to capture growth in the fast-changing marketplace. The Company has transformed into a networked global organization designed to combine the power of scale with the deep knowledge required to win locally. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information about our strategic realignment initiatives.

Challenges and Risks

Being global provides unique opportunities for our Company. Challenges and risks accompany those opportunities. Our management has identified certain challenges and risks that demand the attention of our Company and the commercial beverage industry. Of these, five key challenges and risks are discussed below.

Obesity

The rates of obesity affecting communities, cultures and countries worldwide continue to be too high. There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. This concern represents a significant challenge to our industry. We understand and recognize that obesity is a complex public health challenge and are committed to being a part of the solution.

We recognize the uniqueness of consumers' lifestyles and dietary choices. Therefore, we continue to:

- offer reduced-, low- and no-calorie beverage options;
- provide transparent nutrition information, featuring calories on the front of most of our packages;
- provide our beverages in a range of packaging sizes; and
- market responsibly, including no advertising targeted to children under 12.

The heritage of our Company is to lead, and innovation is critical for leadership. As such, we are resolute in continuing to innovate and are committed to partnering to find winning solutions in the area of noncaloric sweeteners. This includes working to reduce sugar and calories in many of our beverages. We want to be a helpful and credible partner in the fight against obesity. Across the Coca-Cola system, we are mobilizing our assets in marketing and in community outreach to increase awareness and spur action.

Evolving Consumer Product Preferences

We are impacted by shifting consumer demographics and needs, on-the-go lifestyles and consumers who are empowered with more information than ever. As a consequence of these changes, many consumers want more beverage choices, personalization, a focus on sustainability and recyclability, and transparency related to our products and packaging. We are committed to meeting their needs and to generating growth through our evolving portfolio of beverage brands and products (including numerous low- and no-calorie products), selectively expanding into other profitable categories of the commercial beverage industry, innovative and sustainable packaging, and ingredient education efforts. We are also committed to continuing to expand the variety of choices we provide to consumers and to providing options that reflect consumer concerns about impacts to the planet.

Evolving Competitive Landscape and Competing in the Digital Marketplace

Our Company faces strong competition from well-established global companies as well as numerous regional and local companies. Additionally, the rapidly evolving digital landscape and growth of e-commerce in many markets has led to dramatic shifts in consumer shopping habits and patterns. Consumers are rapidly embracing shopping via mobile device applications, e-commerce retailers and e-commerce websites or platforms, which presents new challenges to maintain the competitiveness and relevancy of our brands. As a result, we must continuously strengthen our capabilities in marketing and innovation in order to compete in a digital environment and maintain our brand

loyalty and market share. In addition, we are increasing our investments in e-commerce to support retail and meal delivery services, offering more package sizes that are fit-for-purpose for online sales, and shifting more consumer and trade promotions to digital.

Product Safety and Quality

We strive to meet the highest standards in both product safety and product quality. We are aware that some consumers have concerns and negative viewpoints regarding certain ingredients used in our products. The Coca-Cola system works every day to share safe and refreshing beverages with consumers around the world. We have rigorous product and ingredient safety and quality standards designed to ensure safety and quality in each of our products, and we drive innovation that provides new beverage options to satisfy consumers' evolving needs and preferences.

We work to ensure consistent safety and quality through strong governance and compliance with applicable regulations and standards. We stay current with new regulations, industry best practices and marketplace conditions, and we engage with standard-setting and industry organizations. Additionally, we manufacture and distribute our products according to strict policies, requirements and specifications set forth in an integrated quality management program that continually measures all operations within the Coca-Cola system against the same stringent standards. Our quality management program also identifies and mitigates risks and drives improvement. In our quality laboratories, we stringently measure the quality attributes of ingredients as well as samples of finished products collected from the marketplace.

We perform due diligence to ensure that product and ingredient safety and quality standards are maintained in the more than 200 countries and territories where our products are sold. We regularly assess the relevance of our requirements and standards and continually work to improve and refine them across our entire supply chain.

Environmental and Social Matters

As investors and stakeholders increasingly focus on ESG issues, our Company and companies across all industries are facing challenges and risks related to, among other things, environmental stewardship; social responsibility; diversity, equity and inclusion; and workplace rights. Where these challenges and risks relate to our business, we acknowledge that we have a role to play in developing and implementing solutions related to these important challenges. We have established specific ESG goals related to water quality and scarcity; packaging materials used for our products; reduction of added sugar in our beverages; reduction of carbon dioxide and other greenhouse gas emissions; sustainable agriculture; diversity, equity and inclusion; and human and workplace rights. Our ability to achieve our ESG goals is dependent on many factors, including, but not limited to, our actions along with the actions of various stakeholders, such as our bottling partners, suppliers, governments, nongovernmental organizations, communities, and other third parties, all of which are outside of our control.

See "Item 1A. Risk Factors" in Part I of this report for additional information about risks and uncertainties facing our Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We believe our most critical accounting policies and estimates relate to the following:

- Principles of Consolidation
- Recoverability of Current and Noncurrent Assets
- Pension Plan Valuations
- Revenue Recognition
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of the Company's Board of Directors. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. For a discussion of the Company's significant accounting policies, refer to Note 1 of Notes to Consolidated Financial Statements.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which another entity holds a

variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 11 of Notes to Consolidated Financial Statements. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether the VIEs are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over the operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Recoverability of Current and Noncurrent Assets

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate, particularly in developing and emerging markets. Refer to the heading "Our Business — Challenges and Risks" above and "Item 1A. Risk Factors" in Part I of this report. As a result, management must make numerous assumptions, which involve a significant amount of judgment, when performing recoverability and impairment tests of current and noncurrent assets in various regions around the world.

We perform recoverability and impairment tests of current and noncurrent assets in accordance with U.S. GAAP. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The performance of recoverability and impairment tests of current and noncurrent assets involves critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, royalty rates, cost of raw materials, delivery costs, the impact of any supply chain disruptions, inflation, long-term growth rates, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending, proceeds from the sale of assets and customers' financial condition. These factors are even more difficult to estimate as a result of uncertainties associated with the scope, severity and duration of the global COVID-19 pandemic and any resurgences of the pandemic, including, but not limited to, the number of people contracting the virus; the impact of shelter-in-place and social distancing requirements; the impact of governmental actions across the globe to contain the virus; vaccine availability, rates of vaccination and effectiveness of vaccines against existing and new variants of the virus; governmental or other vaccine mandates and any associated business and supply chain disruptions; and the substance and pace of the economic recovery. The estimates we use when performing recoverability tests of assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe are consistent with those a market participant would use. The variability of these factors depends on a number of conditions, including uncertainties associated with the COVID-19 pandemic, and thus our accounting estimates may change from period to period. While uncertainties still exist, we expect to see continued improvements in our business as vaccines become more widely available, as vaccination rates increase, and as consumers return to many of their previous work routines as well as socializing and traveling. The Company has certain intangible and other long-lived assets that are more dependent on cash flows generated in the away-from-home channels and/or that generate cash flows in geographic areas that are more heavily impacted by the COVID-19 pandemic and are therefore more susceptible to impairment. In addition, intangible and other long-lived assets we acquired in recent transactions are naturally more susceptible to impairment, because they are

recorded at fair value based on recent operating plans and macroeconomic conditions at the time of acquisition. If we had used other assumptions and estimates when tests of these assets were performed, impairment charges could have resulted. Furthermore, if management uses different assumptions in future periods, or if different conditions exist in future periods, impairment charges could result. The total future impairment charges we may be required to record could be material. Refer to Note 2 of Notes to Consolidated Financial Statements for a discussion of recent acquisitions. Refer to Note 16 of Notes to Consolidated Financial

Statements for the discussion of impairment charges. Refer to the heading "Operations Review" below for additional information related to our present business environment.

As of December 31, 2021, the carrying value of our investment in Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI") exceeded its fair value by $87 million, or 18 percent. Based on the length of time and the extent to which the fair value has been less than our carrying value and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge related to the investment.

Our equity method investees also perform such recoverability and impairment tests. If an impairment charge is recorded by one of our equity method investees, the Company records its proportionate share of such charge as a reduction of equity income (loss) — net in our consolidated statement of income. However, the actual amount we record with respect to our proportionate share of such charge may be impacted by items such as basis differences, deferred taxes and deferred gains.

Investments in Equity and Debt Securities

We measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with the change in fair value included in net income. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis.

Our investments in debt securities are carried at either amortized cost or fair value. The cost basis is determined by the specific identification method. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of accumulated other comprehensive income (loss), except for the changes in fair values attributable to the currency risk being hedged, if applicable, which are included in net income.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe a market participant would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Property, Plant and Equipment

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount or remaining useful life of property, plant and equipment should be assessed, including, among others, the manner or length of time in which the Company intends to use the asset, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses and/or projected future losses. When such events or changes in circumstances are present and a recoverability test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment charge. The impairment charge

recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models. These appraisals and models include assumptions we believe are consistent with those a market participant would use.

Goodwill, Trademarks and Other Intangible Assets

Intangible assets are classified into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. For intangible assets with definite lives, recoverability tests must be performed if conditions exist that indicate the carrying value may not be recoverable. For intangible assets with indefinite lives and goodwill, impairment tests must be performed at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The performance of recoverability and impairment tests of intangible assets involves critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, royalty rates, cost of raw materials, delivery costs, the impact of any supply chain disruptions, inflation, long-term growth rates, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending, proceeds from the sale of assets and customers' financial condition. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when performing recoverability tests of intangible assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe are consistent with those a market participant would use. The estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions in future periods or if different conditions exist in future periods, impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment.

Intangible assets acquired in recent transactions are naturally more susceptible to impairment, because they are recorded at fair value based on recent operating plans and macroeconomic conditions present at the time of acquisition. Consequently, if operating results and/or macroeconomic conditions deteriorate shortly after an acquisition, it could result in the impairment of the acquired assets. A deterioration of macroeconomic conditions may not only negatively impact the estimated operating cash flows used in our cash flow models but may also negatively impact other assumptions used in our analyses, including, but not limited to, the estimated cost of capital and/or discount rates. Additionally, we are required to ensure that the assumptions used to determine fair value in our analyses are consistent with the assumptions that we believe a market participant would use. As a result, the cost of capital and/or discount rates used in our analyses may increase or decrease based on market conditions and trends, regardless of whether our Company's actual cost of capital has changed. Therefore, if the cost of capital and/or discount rates change, our Company may recognize an impairment of an intangible asset in spite of realizing actual cash flows that are approximately equal to, or greater than, our previously forecasted amounts.

We perform impairment tests of goodwill at our reporting unit level, which is generally one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our geographic operating segments are generally subdivided into smaller geographic regions. These geographic regions are our reporting units. Our Global Ventures operating segment includes the results of our Costa, innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster, each of which is its own reporting unit. The Bottling Investments operating segment includes all of our consolidated bottling operations, regardless of geographic location. Generally, each consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying amount, goodwill is written

down for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the impairment charge recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a market participant would use. The Company has the option to perform a qualitative assessment of goodwill rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company concludes that this is the case, it must perform the impairment testing discussed above. Otherwise, the Company does not need to perform any further assessment.

When events or circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management performs a recoverability test of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset or asset group, we recognize an impairment charge. The impairment charge recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models. These models include assumptions we believe are consistent with those a market participant would use.

We test indefinite-lived intangible assets, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that an asset may be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment tests of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models. These models include assumptions we believe are consistent with those a market participant would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the impairment testing described above. Otherwise, the Company does not need to perform any further assessment.

Pension Plan Valuations

Our Company sponsors and/or contributes to pension plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain employees in the United States. In addition, our Company and its subsidiaries have various pension plans outside the United States.

Management is required to make certain critical estimates related to the actuarial assumptions used to determine our net periodic pension cost or income and pension obligations. We believe the most critical assumptions are (1) the discount rate used to determine the present value of the liabilities and (2) the expected long-term rate of return on plan assets. Our actuarial assumptions are reviewed annually, or more frequently to the extent that a settlement or curtailment occurs. Changes in these assumptions could have a material impact on the measurement of our net periodic pension cost or income and pension obligations.

At each measurement date, we determine the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future benefit payments we anticipate making under the plans.

The Company measures the service cost and interest cost components of net periodic pension cost or income by applying the specific spot rates along the yield curve to the plans' projected cash flows.

The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our expected long-term rates of return on plan assets. Our investment objective for our pension assets is to ensure all funded pension plans have sufficient assets to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to seek to improve returns and manage risk.

In 2021, the Company's total income related to defined benefit pension plans was $61 million, which included net periodic pension income of $180 million and net charges of $119 million related to settlements, curtailments and special termination benefits. In 2022, we expect our net periodic pension income to be approximately $188 million. The increase in 2022 expected net periodic pension income is primarily due to an increase in the weighted-average discount rate at December 31, 2021 compared to December 31, 2020, favorable asset performance in 2021 and a reduction in the number of plan participants arising from our strategic realignment initiatives, partially offset by a decrease in the expected weighted-average long-term rate of return on plan assets assumption. The estimated impact of a 50 basis-point decrease in the discount rate would result in a $17 million decrease in our 2022 net periodic pension income. Additionally, the estimated impact of a 50 basis-point decrease in the expected long-term rate of return on plan assets would result in a $26 million decrease in our 2022 net periodic pension income.

The sensitivity information provided above is based only on changes to the actuarial assumptions used for our U.S. pension plans. As of December 31, 2021, the Company's primary U.S. pension plan represented 61 percent and 57 percent of the Company's consolidated projected benefit obligation and pension plan assets, respectively. Refer to Note 13 of Notes to Consolidated Financial Statements for additional information about our pension plans and related actuarial assumptions.

Revenue Recognition

Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates, syrups or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Upon transfer of control to the customer, which completes our performance obligation, revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrates are sold, and package mix. The amounts associated with the arrangements described above represent variable consideration, an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates.

Income Taxes

Our annual effective tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that the position becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. We adjust these reserves, including any impact on the related interest and penalties, in light of changing facts and circumstances, such as the progress of a tax audit. Refer to the heading "Operations Review — Income Taxes" below and Note 14 of Notes to Consolidated Financial Statements.

A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Settlement of any particular issue would usually require the use of cash. Refer to Note 11 of Notes to Consolidated Financial Statements.

Tax laws require certain items to be included in the tax return at different times than when these items are reflected in the consolidated financial statements. As a result, the annual effective tax rate reflected in our consolidated financial statements is different from that reported in our tax return (our cash tax rate). Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences reverse over time, such as depreciation expense. These timing differences create deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on temporary

differences between the book basis and tax basis of assets and liabilities. The tax rates used to determine deferred tax assets or liabilities are the enacted tax rates in effect for the year and for the manner in which the differences are expected to reverse. Based on the evaluation of all available information, the Company recognizes future tax benefits, such as net operating loss carryforwards, to the extent that realizing these benefits is considered more likely than not.

We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing our forecasted taxable income using both historical and projected future operating results; the reversal of existing taxable temporary differences; taxable income in prior carryback years (if permitted); and the availability of tax planning strategies. A valuation allowance is required to be established unless management determines that it is more likely than not that the Company will ultimately realize the tax benefit associated with a deferred tax asset.

The Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign subsidiaries to the extent that the basis difference meets the indefinite reversal criteria. These criteria are met if the foreign subsidiary has invested, or will invest, the undistributed earnings indefinitely. The decision as to the amount of undistributed earnings that the Company intends to maintain in non-U.S. subsidiaries takes into account items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans, capital improvement programs, merger and acquisition plans, and planned loans to other non-U.S. subsidiaries. The Company also evaluates its expected cash requirements in the United States. Other factors that can influence that determination are local restrictions on remittances (for example, in some countries a central bank application and approval are required in order for the Company's local country subsidiary to pay a dividend), economic stability and asset risk. Refer to Note 14 of Notes to Consolidated Financial Statements.

Operations Review

Our organizational structure consists of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Global Ventures; and Bottling Investments. Our operating structure also includes Corporate, which consists of a center and a platform services organization. For additional information regarding our operating segments and Corporate, refer to Note 19 of Notes to Consolidated Financial Statements.

Structural Changes, Acquired Brands and Newly Licensed Brands

In order to continually improve upon the Company's operating performance, from time to time, we engage in buying and selling ownership interests in bottling partners and other manufacturing operations. In addition, we also acquire brands and their related operations or enter into license agreements for certain brands to supplement our beverage offerings. These items impact our operating results and certain key metrics used by management in assessing the Company's performance.

Unit case volume growth is a metric used by management to evaluate the Company's performance because it measures demand for our products at the consumer level. The Company's unit case volume represents the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers or consumers and, therefore, reflects unit case volume for both consolidated and unconsolidated bottlers. Refer to the heading "Beverage Volume" below.

Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in unit case equivalents) sold by, or used in finished products sold by, the Company to its bottling partners or other customers. For Costa non-ready-to-drink beverage products, concentrate sales volume represents the amount of beverages, primarily measured in number of transactions (in all instances expressed in unit case equivalents), sold by the Company to customers or consumers. Refer to the heading "Beverage Volume" below.

When we analyze our net operating revenues, we generally consider the following factors: (1) volume growth (concentrate sales volume or unit case volume, as applicable); (2) changes in price, product and geographic mix; (3) foreign currency fluctuations; and (4) acquisitions and divestitures (including structural changes defined below), as applicable. Refer to the heading "Net Operating Revenues" below. The Company sells concentrates and syrups to both consolidated and unconsolidated bottling partners. The ownership structure of our bottling partners impacts the timing of recognizing concentrate revenue and concentrate sales volume. When we sell concentrates or syrups to our consolidated bottling partners, we do not recognize the concentrate revenue or concentrate sales volume until the bottling partner has sold finished products manufactured from the concentrates or syrups to a third party. When we sell concentrates or syrups to our unconsolidated bottling partners, we recognize the concentrate revenue and

concentrate sales volume when the concentrates or syrups are sold to the bottling partner. The subsequent sale of the finished products manufactured from the concentrates or syrups to a third party does not impact the timing of recognizing the concentrate revenue or concentrate sales volume. When we account for an unconsolidated bottling partner as an equity method investment, we eliminate the intercompany profit related to these transactions to the extent of our ownership interest until the equity method investee has sold finished products manufactured from the concentrates or syrups to

a third party. We typically report unit case volume when finished products manufactured from the concentrates or syrups are sold to a third party, regardless of our ownership interest in the bottling partner, if any.

We generally refer to acquisitions and divestitures of bottling operations as "structural changes," which are a component of acquisitions and divestitures. Typically, structural changes do not impact the Company's unit case volume or concentrate sales volume on a consolidated basis or at the geographic operating segment level. We recognize unit case volume for all sales of Company beverage products, regardless of our ownership interest in the bottling partner, if any. However, the unit case volume reported by our Bottling Investments operating segment is generally impacted by structural changes because it only includes the unit case volume of our consolidated bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Company's acquisitions and divestitures.

"Acquired brands" refers to brands acquired during the past 12 months. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to acquired brands in periods prior to the closing of a transaction. Therefore, the unit case volume and concentrate sales volume related to an acquired brand are incremental to prior year volume. We generally do not consider the acquisition of a brand to be a structural change.

"Licensed brands" refers to brands not owned by the Company but for which we hold certain rights, generally including, but not limited to, distribution rights, and from which we derive an economic benefit when the products are sold. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to a licensed brand in periods prior to the beginning of the term of a license agreement. Therefore, in the year that a license agreement is entered into, the unit case volume and concentrate sales volume related to a licensed brand are incremental to prior year volume. We generally do not consider the licensing of a brand to be a structural change.

In 2021, the Company acquired the remaining ownership interest in BA Sports Nutrition, LLC ("BodyArmor"). The impact of this acquisition has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the North America operating segment.

In 2020, the Company discontinued our Odwalla juice business. The impact of discontinuing our Odwalla juice business has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the North America operating segment.

Beverage Volume

We measure the volume of Company beverage products sold in two ways: (1) unit cases of finished products and (2) concentrate sales. As used in this report, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings), with the exception of unit case equivalents for Costa non-ready-to-drink beverage products, which are primarily measured in number of transactions; and "unit case volume" means the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers or consumers. Unit case volume consists primarily of beverage products bearing Company trademarks. Also included in unit case volume are certain brands licensed to, or distributed by, our Company, and brands owned by Coca-Cola system bottlers for which our Company provides marketing support and from the sale of which we derive an economic benefit. In addition, unit case volume includes sales by certain joint ventures in which the Company has an ownership interest. 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. The unit case volume numbers used in this report are derived based on estimates received by the Company from its bottling partners and distributors. Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in unit case equivalents) sold by, or used in finished beverages sold by, the Company to its bottling partners or other customers. For Costa non-ready-to-drink beverage products, concentrate sales volume represents the amount of beverages, primarily measured in number of transactions (in all instances expressed in unit case equivalents), sold by the Company to customers or consumers. Unit case volume and concentrate sales volume growth rates are not necessarily equal during any given period. Factors such as seasonality, bottlers' inventory practices, supply point changes, timing of price increases, new product introductions and changes in product mix can create differences between unit case volume and concentrate sales volume growth rates. In addition to these items, the impact of unit case volume from certain joint ventures in which the Company has an ownership interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals, may give rise to differences between unit case volume and concentrate sales volume growth rates.

Information about our volume growth worldwide and by operating segment is as follows:

	Percent Change 2021 versus 2020	
	Unit Cases [1,2]	Concentrate Sales
Worldwide	8 %	9 %
Europe, Middle East & Africa	9 %	12 %
Latin America	6	6
North America	5	7
Asia Pacific	10	11
Global Ventures	17	20
Bottling Investments	11	N/A

[1] Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only.

[2] Geographic and Global Ventures operating segment data reflect unit case volume growth for all bottlers, both consolidated and unconsolidated, and distributors in the applicable geographic areas. Global Ventures operating segment data also reflects unit case volume growth for Costa retail stores.

Unit Case Volume

Sparkling soft drinks represented 69 percent of our worldwide unit case volume in both 2021 and 2020. Trademark Coca-Cola accounted for 47 percent of our worldwide unit case volume in both 2021 and 2020. In 2021, unit case volume in the United States represented 17 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 61 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 42 percent of U.S. unit case volume. Unit case volume outside the United States represented 83 percent of the Company's worldwide unit case volume in 2021. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and India, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 71 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 48 percent of non-U.S. unit case volume.

The Coca-Cola system sold 31.3 billion and 29.0 billion unit cases of our products in 2021 and 2020, respectively. The increase was primarily a result of the gradual recovery in away-from-home channels in many markets throughout 2021, along with the larger impact of shelter-in-place and social distancing requirements in 2020.

Unit case volume in Europe, Middle East and Africa increased 9 percent, which included 9 percent growth in both Trademark Coca-Cola and sparkling flavors, 17 percent growth in nutrition, juice, dairy and plant-based beverages, and 6 percent growth in hydration, sports, coffee and tea. The operating segment reported growth in unit case volume of 7 percent in the Europe operating unit, 12 percent in the Eurasia and Middle East operating unit and 10 percent in the Africa operating unit.

In Latin America, unit case volume increased 6 percent, which included 5 percent growth in Trademark Coca-Cola, 7 percent growth in hydration, sports, coffee and tea, 6 percent growth in sparkling flavors and 10 percent growth in nutrition, juice, dairy and plant-based beverages. The operating segment's volume performance included 3 percent growth in Mexico, 14 percent growth in Argentina and 3 percent growth in Brazil.

Unit case volume in North America increased 5 percent, which included 9 percent growth in sparkling flavors, 6 percent growth in hydration, sports, coffee and tea, 2 percent growth in Trademark Coca-Cola, and 7 percent growth in nutrition, juice, dairy and plant-based beverages.

In Asia Pacific, unit case volume increased 10 percent, which included 11 percent growth in both Trademark Coca-Cola and sparkling flavors, 6 percent growth in hydration, sports, coffee and tea, and 18 percent growth in nutrition, juice, dairy and plant-based beverages. The operating segment reported growth in unit case volume of 11 percent in the Greater China and Mongolia operating unit, 33 percent in the India and Southwest Asia operating unit, 3 percent in the ASEAN and South Pacific operating unit and 2 percent in the Japan and South Korea operating unit.

Unit case volume for Global Ventures increased 17 percent, driven by 16 percent growth in hydration, sports, coffee and tea, along with growth in energy drinks, partially offset by a decline of 3 percent in nutrition, juice, dairy and plant-based beverages.

Unit case volume for Bottling Investments increased 11 percent, which primarily reflects growth in India, South Africa and the Philippines.

Concentrate Sales Volume

In 2021, worldwide concentrate sales volume increased 9 percent and unit case volume increased 8 percent compared to 2020. The differences between concentrate sales volume and unit case volume growth rates on a consolidated basis and for the operating segments were primarily due to the timing of concentrate shipments and the impact of unit case volume from certain joint ventures in which the Company has an ownership interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals. The timing of concentrate shipments was primarily a result of certain bottlers building inventory due to concerns associated with potential supply chain disruptions.

Net Operating Revenues

Net operating revenues were $38,655 million in 2021, compared to $33,014 million in 2020, an increase of $5,641 million, or 17 percent.

The following table illustrates, on a percentage basis, the estimated impact of the factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2021 versus 2020				
	Volume[1]	Price, Product & Geographic Mix	Foreign Currency Fluctuations	Acquisitions & Divestitures[2]	**Total**
Consolidated	9 %	6 %	1 %	— %	**17 %**
Europe, Middle East & Africa	12 %	6 %	1 %	— %	**19 %**
Latin America	6	12	—	—	**18**
North America	7	7	—	—	**15**
Asia Pacific	11	(2)	3	—	**12**
Global Ventures	20	13	7	—	**41**
Bottling Investments	11	2	2	—	**15**

Note: Certain rows may not add due to rounding.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments and our Global Ventures operating segment (expressed in unit case equivalents) after considering the impact of acquisitions and divestitures. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes, if any. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only after considering the impact of structural changes, if any. Refer to the heading "Beverage Volume" above.

[2] Includes structural changes, if any. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above.

Refer to the heading "Beverage Volume" above for additional information related to changes in our unit case and concentrate sales volumes.

"Price, product and geographic mix" refers to the change in net operating revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred. The impact of price, product and geographic mix is calculated by subtracting the change in net operating revenues resulting from volume increases or decreases, changes in foreign currency exchange rates, and acquisitions and divestitures from the total change in net operating revenues. Management believes that providing investors with price, product and geographic mix enhances their understanding about the combined impact that the following items had on the Company's net operating revenues: (1) pricing actions taken by the Company and, where applicable, our bottling partners; (2) changes in the mix of products and packages sold; (3) changes in the mix of channels where products were sold; and (4) changes in the mix of geographic territories where products were sold. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Price, product and geographic mix had a 6 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorable channel and package mix, partially offset by unfavorable geographic mix;
- Latin America — favorable pricing initiatives, inflationary pricing in Argentina, and favorable channel and package mix;
- North America — favorable pricing initiatives and favorable channel and category mix;
- Asia Pacific — unfavorable geographic mix, partially offset by favorable product and package mix;

- Global Ventures — favorable channel mix primarily due to the reopening of Costa retail stores, partially offset by unfavorable product mix; and
- Bottling Investments — favorable price, category and package mix, partially offset by unfavorable geographic mix.

The favorable channel and package mix for the year ended December 31, 2021 in all applicable operating segments was primarily a result of the gradual recovery in away-from-home channels in many markets throughout 2021 and the larger impact of shelter-in-place and social distancing requirements in 2020.

Foreign currency fluctuations increased our consolidated net operating revenues by 1 percent. This favorable impact was primarily due to a weaker U.S. dollar compared to certain foreign currencies, including the British pound sterling, South African rand, euro, Chinese yuan and Mexican peso, which had a favorable impact on our Europe, Middle East and Africa; Asia Pacific; Latin America; Global Ventures; and Bottling Investments operating segments. The favorable impact of a weaker U.S. dollar compared to the currencies listed above was partially offset by the impact of a stronger U.S. dollar compared to certain other foreign currencies, including the Argentine peso, Brazilian real, Turkish lira, Ethiopian birr and Japanese yen, which had an unfavorable impact on our Latin America; Europe, Middle East and Africa; Asia Pacific; and Bottling Investments operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

"Acquisitions and divestitures" generally refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. The impact of acquisitions and divestitures is the difference between the change in net operating revenues and the change in what our net operating revenues would have been if we removed the net operating revenues associated with an acquisition or a divestiture from either the current year or the prior year, as applicable. Management believes that quantifying the impact that acquisitions and divestitures had on the Company's net operating revenues provides investors with useful information to enhance their understanding of the Company's net operating revenue performance by improving their ability to compare our year-to-year results. Management considers the impact of acquisitions and divestitures when evaluating the Company's performance. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above for additional information related to acquisitions and divestitures.

Net operating revenue growth rates are impacted by sales volume; price, product and geographic mix; foreign currency fluctuations; and acquisitions and divestitures. The size and timing of acquisitions and divestitures are not consistent from period to period. Based on current spot rates and our hedging coverage in place, we expect foreign currency fluctuations will have a negative impact on our full year 2022 net operating revenues.

Information about our net operating revenues by operating segment and Corporate as a percentage of Company net operating revenues is as follows:

Year Ended December 31,	**2021**	2020
Europe, Middle East & Africa	**17.0 %**	16.8 %
Latin America	**10.7**	10.6
North America	**34.1**	34.7
Asia Pacific	**12.1**	12.8
Global Ventures	**7.3**	6.0
Bottling Investments	**18.6**	19.0
Corporate	**0.2**	0.1
Total	**100.0 %**	100.0 %

The percentage contribution of each operating segment fluctuates over time due to net operating revenues in some operating segments growing at a faster rate compared to other operating segments. For additional information about the impact of foreign currency fluctuations, refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Gross Profit Margin

Gross profit margin is a ratio calculated by dividing gross profit by net operating revenues. Management believes gross profit margin provides investors with useful information related to the profitability of our business prior to

considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Our gross profit margin increased to 60.3 percent in 2021 from 59.3 percent in 2020. This increase was primarily due to the impact of favorable pricing initiatives and favorable channel and package mix as well as the gradual recovery in away-from-home channels in many markets throughout 2021, partially offset by the impact of increased commodity and transportation

costs. We expect commodity and transportation costs to continue to increase in 2022, and we will continue to proactively take actions in an effort to mitigate the impact of these incremental costs.

Selling, General and Administrative Expenses

The following table sets forth the components of selling, general and administrative expenses (in millions):

Year Ended December 31,		**2021**		2020
Selling and distribution expenses	**$**	**2,574**	$	2,638
Advertising expenses		**4,098**		2,777
Stock-based compensation expense		**337**		126
Other operating expenses		**5,135**		4,190
Selling, general and administrative expenses	**$**	**12,144**	$	9,731

Selling, general and administrative expenses increased $2,413 million, or 25 percent, in 2021. This increase was primarily due to higher annual incentive and stock-based compensation expense, increased charitable donations and increased marketing spending, which was reduced in 2020 as a result of uncertainties associated with the COVID-19 pandemic. The increase in annual incentive and stock-based compensation expense was primarily due to improved financial performance in 2021 and a more favorable outlook of our future financial performance, which resulted in higher payout assumptions as compared to 2020. In 2021, foreign currency exchange rate fluctuations increased selling, general and administrative expenses by 2 percent.

The decrease in selling and distribution expenses was primarily due to the continued impact of the COVID-19 pandemic on away-from-home channels, partially offset by the impact of foreign currency exchange rate fluctuations.

As of December 31, 2021, we had $335 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans, which we expect to recognize over a weighted-average period of 1.9 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards. Refer to Note 12 of Notes to Consolidated Financial Statements.

Other Operating Charges

Other operating charges incurred by operating segment and Corporate were as follows (in millions):

Year Ended December 31,		**2021**		2020
Europe, Middle East & Africa	**$**	**141**	$	73
Latin America		**11**		29
North America		**39**		379
Asia Pacific		**12**		31
Global Ventures		**—**		4
Bottling Investments		**—**		34
Corporate		**643**		303
Total	**$**	**846**	$	853

In 2021, the Company recorded other operating charges of $846 million. These charges primarily consisted of $369 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $146 million related to the Company's strategic realignment initiatives, $119 million related to the BodyArmor acquisition, which includes various transition and transaction costs, distributor termination fees, employee retention costs and the amortization of noncompete agreements, and $115 million related to the Company's productivity and reinvestment program. In addition, other operating charges included an impairment charge of $78 million related to a trademark in Europe, which was driven by a change in the long-term outlook on the licensing arrangement for a certain brand, charges of $15 million related to tax litigation and a net charge of $4 million related to the restructuring of our manufacturing operations in the United States.

In 2020, the Company recorded other operating charges of $853 million. These charges primarily consisted of $413 million related to the Company's strategic realignment initiatives and $99 million related to the Company's

productivity and reinvestment program. In addition, other operating charges included impairment charges of $160 million related to the Odwalla trademark and charges of $33 million related to discontinuing the Odwalla juice business. Other operating charges also included an impairment charge of $55 million related to a trademark in North America, which was driven by the impact of the COVID-19 pandemic, revised projections of future operating results and a change in brand focus in the Company's portfolio. In addition, other operating charges included $51 million related to the remeasurement of our contingent consideration liability to

fair value in conjunction with the fairlife acquisition and $16 million related to the restructuring of our manufacturing operations in the United States.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the BodyArmor and fairlife acquisitions. Refer to Note 11 of Notes to Consolidated Financial Statements for additional information related to the tax litigation. Refer to Note 16 of Notes to Consolidated Financial Statements for additional information on the impairment charges. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's strategic realignment initiatives and productivity and reinvestment program. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

Operating Income and Operating Margin

Information about our operating income contribution by operating segment and Corporate on a percentage basis is as follows:

Year Ended December 31,	**2021**	2020
Europe, Middle East & Africa	**36.2 %**	36.8 %
Latin America	**24.6**	23.5
North America	**32.3**	27.5
Asia Pacific	**22.6**	23.7
Global Ventures	**2.8**	(1.4)
Bottling Investments	**4.6**	3.4
Corporate	**(23.1)**	(13.5)
Total	**100.0 %**	100.0 %

Operating margin is a ratio calculated by dividing operating income by net operating revenues. Management believes operating margin provides investors with useful information related to the profitability of our business after considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Information about our operating margin on a consolidated basis and by operating segment and Corporate is as follows:

Year Ended December 31,	**2021**	2020
Consolidated	**26.7 %**	27.3 %
Europe, Middle East & Africa	**56.9**	59.9
Latin America	**61.2**	60.5
North America	**25.3**	21.5
Asia Pacific	**49.7**	50.6
Global Ventures	**10.5**	(6.2)
Bottling Investments	**6.6**	4.9
Corporate	*	*

* Calculation is not meaningful.

Operating income was $10,308 million in 2021, compared to $8,997 million in 2020, an increase of $1,311 million, or 15 percent. The increase in operating income was primarily driven by concentrate sales volume growth of 9 percent, favorable channel and package mix, effective cost management and a favorable currency exchange rate impact, partially offset by higher annual incentive and stock-based compensation expense, increased charitable donations and increased marketing spending.

In 2021, fluctuations in foreign currency exchange rates favorably impacted consolidated operating income by 2 percent due to a weaker U.S. dollar compared to certain foreign currencies, including the Mexican peso, Chinese yuan and British pound sterling, which had a favorable impact on our Latin America; Asia Pacific; Europe, Middle East and Africa; and Global Ventures operating segments. The favorable impact of a weaker U.S. dollar compared to

the currencies listed above was partially offset by the impact of a stronger U.S. dollar compared to certain other foreign currencies, including the Argentine peso, Brazilian real, Turkish lira and Japanese yen, which had an unfavorable impact on our Latin America; Europe, Middle East and Africa; and Asia Pacific operating segments. Refer to the heading “Liquidity, Capital Resources and Financial Position — Foreign Exchange” below.

The Company’s Europe, Middle East and Africa operating segment reported operating income of $3,735 million and $3,313 million for the years ended December 31, 2021 and 2020, respectively. The increase in operating income was primarily

driven by a 12 percent increase in concentrate sales volume, favorable channel and package mix, and a favorable foreign currency exchange rate impact of 2 percent, partially offset by higher annual incentive expense, increased marketing spending and higher other operating charges.

Latin America reported operating income of $2,534 million and $2,116 million for the years ended December 31, 2021 and 2020, respectively. The increase in operating income was primarily driven by concentrate sales volume growth of 6 percent, favorable pricing initiatives, favorable channel and package mix, and lower other operating charges, partially offset by higher annual incentive expense and increased marketing spending.

Operating income for North America for the years ended December 31, 2021 and 2020 was $3,331 million and $2,471 million, respectively. The increase in operating income was primarily driven by concentrate sales volume growth of 7 percent, favorable pricing initiatives, favorable channel and category mix, effective cost management and lower other operating charges, partially offset by higher annual incentive expense and increased marketing spending.

Asia Pacific's operating income for the years ended December 31, 2021 and 2020 was $2,325 million and $2,133 million, respectively. The increase in operating income was primarily driven by concentrate sales volume growth of 11 percent, a favorable foreign currency exchange rate impact of 4 percent and lower other operating charges, partially offset by higher annual incentive expense and increased marketing spending.

Global Ventures' operating income for the year ended December 31, 2021 was $293 million, while the operating segment's operating loss for the year ended December 31, 2020 was $123 million. The change in operating income was primarily driven by revenue growth as a result of the reopening of Costa retail stores in the United Kingdom and a favorable foreign currency exchange rate impact of 6 percent.

Bottling Investments' operating income for the years ended December 31, 2021 and 2020 was $473 million and $308 million, respectively. The increase in operating income was primarily driven by volume growth of 11 percent, lower other operating charges and favorable price, category and package mix, partially offset by an unfavorable foreign currency exchange rate impact of 1 percent.

Corporate's operating loss for the years ended December 31, 2021 and 2020 was $2,383 million and $1,221 million, respectively. Operating loss in 2021 increased primarily as a result of higher annual incentive and stock-based compensation expense, increased marketing spending, increased charitable donations and higher other operating charges.

Interest Income

Interest income was $276 million in 2021, compared to $370 million in 2020, a decrease of $94 million, or 25 percent. This decrease was primarily driven by lower interest rates in certain of our international locations as well as lower investment balances.

Interest Expense

Interest expense was $1,597 million in 2021, compared to $1,437 million in 2020, an increase of $160 million, or 11 percent. This increase was primarily due to charges of $650 million in 2021 versus charges of $484 million in 2020 associated with the extinguishment of long-term debt. Refer to Note 10 of Notes to Consolidated Financial Statements.

Equity Income (Loss) — Net

Equity income (loss) — net represents our Company's proportionate share of net income or loss from each of our equity method investees. In 2021, equity income was $1,438 million, compared to equity income of $978 million in 2020, an increase of $460 million, or 47 percent. This increase reflects, among other items, the impact of more favorable operating results reported by most of our equity method investees in 2021, as results in 2020 were more negatively impacted by the COVID-19 pandemic, along with a favorable foreign currency exchange rate impact. In addition, the Company recorded net charges of $13 million and $216 million during the years ended December 31, 2021 and 2020, respectively, which represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

Other Income (Loss) — Net

Other income (loss) — net includes, among other things, dividend income; gains and losses related to the disposal of property, plant and equipment; gains and losses related to acquisitions and divestitures; non-service cost components of net periodic benefit cost or income for pension and other postretirement benefit plans; other charges and credits related to pension and other postretirement benefit plans; realized and unrealized gains and losses on equity securities and trading debt securities; realized gains and losses on available-for-sale debt securities; other-than-temporary impairment charges; and net foreign currency exchange gains and losses. The foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 5 of Notes to Consolidated Financial Statements.

In 2021, other income (loss) — net was income of $2,000 million. The Company recognized a gain of $834 million in conjunction with the BodyArmor acquisition, a net gain of $695 million related to the sale of our ownership interest in Coca-Cola Amatil Limited ("CCA"), an equity method investee, to CCEP, also an equity method investee, and a net gain of $114 million related to the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. Additionally, the Company recognized a net gain of $467 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Additionally, other income (loss) — net included income of $277 million related to the non-service cost components of net periodic benefit income and dividend income of $73 million. Other income (loss) — net also included charges of $266 million related to the restructuring of our manufacturing operations in the United States, pension plan settlement charges of $117 million related to our strategic realignment initiatives and net foreign currency exchange losses of $61 million.

In 2020, other income (loss) — net was income of $841 million. The Company recognized a gain of $902 million in conjunction with the fairlife acquisition, which resulted from the remeasurement of our previously held equity interest in fairlife to fair value, a net gain of $148 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, and a net gain of $35 million related to the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. These gains were partially offset by an other-than-temporary impairment charge of $252 million related to CCBJHI, an equity method investee, an other-than-temporary impairment charge of $38 million related to one of our equity method investees in Latin America, an impairment charge of $26 million associated with an investment in an equity security without a readily determinable fair value and a net loss of $55 million related to economic hedging activities. The Company also recorded net charges of $25 million related to the restructuring of our manufacturing operations in the United States and charges of $14 million for pension and other postretirement benefit plan settlements and curtailments related to the Company's strategic realignment initiatives. Other income (loss) — net also included income of $171 million related to the non-service cost components of net periodic benefit income, $72 million of dividend income and net foreign currency exchange losses of $64 million.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the sale of our ownership interest in CCA and the BodyArmor and fairlife acquisitions. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 5 of Notes to Consolidated Financial Statements for additional information on our economic hedging activities. Refer to Note 16 of Notes to Consolidated Financial Statements for additional information on the restructuring of our manufacturing operations in the United States and the impairment charges. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's strategic realignment initiatives. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

Income Taxes

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the statutory U.S. rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Eswatini. The terms of these grants expire from 2023 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by

$381 million and $317 million for the years ended December 31, 2021 and 2020, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	2021	2020
Statutory U.S. federal tax rate	**21.0 %**	21.0 %
State and local income taxes — net of federal benefit	**1.1**	1.1
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**2.3** [1]	0.9 [3]
Equity income or loss	**(2.0)**	(1.4)
Excess tax benefits on stock-based compensation	**(0.5)**	(0.8)
Other — net	**(0.8)** [2]	(0.5) [4,5]
Effective tax rate	**21.1 %**	20.3 %

[1] Includes net tax charges of $375 million (or a 3.0 percent impact on our effective tax rate) related to changes in tax laws in certain foreign jurisdictions, amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other discrete items.

[2] Includes a tax benefit of $14 million (or a 1.5 percent impact on our effective tax rate) associated with the $834 million gain recorded upon the acquisition of the remaining ownership interest in BodyArmor. Refer to Note 2 of Notes to Consolidated Financial Statements.

[3] Includes net tax charges of $110 million (or a 1.1 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon audit issues.

[4] Includes net tax expense of $431 million (or a 4.4 percent impact on our effective tax rate) primarily related to changes in judgment on specific tax positions due to the Opinion and amounts required to be recorded for changes to other uncertain tax positions, including interest and penalties. Also includes a tax benefit of $107 million (or a 1.1 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $135 million (or a 1.4 percent impact on our effective tax rate) related to domestic return to provision adjustments and other tax items.

[5] Includes a tax benefit of $40 million (or a 2.4 percent impact on our effective tax rate) associated with the $902 million gain recorded upon the acquisition of the remaining ownership interest in fairlife. Refer to Note 2 of Notes to Consolidated Financial Statements.

On November 18, 2020, the Tax Court issued the Opinion regarding the Company's 2015 litigation with the IRS involving transfer pricing tax adjustments in which the court predominantly sided with the IRS. The Company disagrees with the Opinion and intends to vigorously defend its position. Refer to Note 11 of Notes to Consolidated Financial Statements.

As of December 31, 2021, the gross amount of unrecognized tax benefits was $906 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $600 million, exclusive of any benefits related to interest and penalties. The remaining $306 million primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	2021	2020
Balance of unrecognized tax benefits at beginning of year	**$ 915**	$ 392
Increase related to prior period tax positions	**9**	528 [1]
Decrease related to prior period tax positions	**(50)**	(1)
Increase related to current period tax positions	**37**	26
Decrease related to settlements with taxing authorities	**(4)**	(19)
Effect of foreign currency translation	**(1)**	(11)
Balance of unrecognized tax benefits at end of year	**$ 906**	$ 915

[1] The increase was primarily related to a change in judgment on certain tax positions due to the Opinion. Refer to Note 11 of Notes to Consolidated Financial Statements.

The Company recognizes interest and penalties related to unrecognized tax benefits in the line item income taxes on our consolidated statement of income. The Company had $453 million and $391 million in interest and penalties

related to unrecognized tax benefits accrued as of December 31, 2021 and 2020, respectively. Of these amounts, expense of $62 million and $190 million was recognized in 2021 and 2020, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would be a benefit to the Company's effective tax rate.

Based on current tax laws, the Company's effective tax rate in 2022 is expected to be approximately 20 percent before considering the potential impact of any significant operating and nonoperating items that may affect our effective tax rate.

Liquidity, Capital Resources and Financial Position

We believe our ability to generate cash flows from operating activities is one of the fundamental strengths of our business. Refer to the heading "Cash Flows from Operating Activities" below. The Company does not typically raise capital through the issuance of stock. Instead, we use debt financing to lower our overall cost of capital and increase our return on shareowners' equity. Refer to the heading "Cash Flows from Financing Activities" below. We have a history of borrowing funds both domestically and internationally at reasonable interest rates, and we expect to be able to continue to borrow funds at reasonable rates over the long term. Our debt financing also includes the use of a commercial paper program. We currently have the ability to borrow funds in this market at levels that are consistent with our debt financing strategy and expect to continue to be able to do so in the future.

The Company reviews its optimal mix of short-term and long-term debt regularly and, as a result of this review, during 2021 we issued U.S. dollar- and euro-denominated long-term notes of $6.0 billion and €3.2 billion, respectively, across various maturities. We used a portion of the proceeds from these issuances to extinguish certain tranches of our previously issued long-term debt. Refer to Note 10 of Notes to Consolidated Financial Statements for additional information on these issuances and extinguishments.

The Company's cash, cash equivalents, short-term investments and marketable securities totaled $12.6 billion as of December 31, 2021. In addition to these funds, our commercial paper program and our ability to issue long-term debt, we had $8.1 billion in unused backup lines of credit for general corporate purposes as of December 31, 2021. These backup lines of credit expire at various times from 2022 through 2027.

While uncertainties caused by the COVID-19 pandemic remain, we expect to continue to see improvements in our business as vaccines become more widely available. The timing and availability of vaccines will be different around the world, and therefore we believe the pace of the recovery will vary by geography depending on vaccine availability, rates of vaccination and the effectiveness of vaccines against existing and new variants of the virus, along with other macroeconomic factors. We will remain flexible so that we can adjust to uncertainties resulting from the COVID-19 pandemic. Our current capital allocation priorities are as follows: investing wisely to support our business operations, continuing to grow our dividend payment, enhancing our beverage portfolio and capabilities through opportunistic and disciplined acquisitions, and using excess cash to repurchase shares over time. We currently expect 2022 capital expenditures to be approximately $1.5 billion. During 2022, we also expect to repurchase approximately $500 million of shares in addition to repurchasing shares equivalent to the proceeds from the issuances of stock under our stock-based compensation plans.

We are currently in litigation with the IRS for tax years 2007 through 2009. On November 18, 2020, the Tax Court issued the Opinion in which it predominantly sided with the IRS; however, a final decision is still pending and the timing of such decision is not currently known. The Company strongly disagrees with the IRS' positions and the portions of the Opinion affirming such positions and intends to vigorously defend our positions utilizing every available avenue of appeal. While the Company believes that it is more likely than not that we will ultimately prevail in this litigation upon appeal, it is possible that all, or some portion of, the adjustments proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In the event that all of the adjustments proposed by the IRS are ultimately upheld for tax years 2007 through 2009 and the IRS, with the consent of the federal courts, were to decide to apply the Tax Court Methodology to the subsequent years up to and including 2021, the Company currently estimates that the potential aggregate incremental tax and interest liability could be approximately $13 billion as of December 31, 2021. Additional income tax and interest would continue to accrue until the time any such potential liability, or portion thereof, were to be paid. Once the Tax Court renders a final decision, the Company will have 90 days to file a notice of appeal and pay the portion of the potential aggregate incremental tax and interest liability related to the 2007 through 2009 tax years, which we currently estimate to be approximately $4.9 billion (including interest accrued through December 31, 2021), plus any additional interest accrued through the time of payment. Refer to Note 11 of Notes to Consolidated Financial Statements for additional information on the tax litigation.

While we believe it is more likely than not that we will prevail in the tax litigation discussed above, we are confident that, between our ability to generate cash flows from operating activities and our ability to borrow funds at reasonable interest rates, we can manage the range of possible outcomes in the final resolution of the matter.

Based on all of the aforementioned factors, the Company believes its current liquidity position is strong and will continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities for the foreseeable future.

Cash Flows from Operating Activities

As part of our continued efforts to improve our working capital efficiency, we have worked with our suppliers over the past several years to revisit terms and conditions, including the extension of payment terms. Our current payment terms with the majority of our suppliers are 120 days. Additionally, two global financial institutions offer a voluntary supply chain finance ("SCF") program which enables our suppliers, at their sole discretion, to sell their receivables from the Company to these

financial institutions on a non-recourse basis at a rate that leverages our credit rating and thus may be more beneficial to them. The SCF program is available to suppliers of goods and services included in cost of goods sold as well as suppliers of goods and services included in selling, general and administrative expenses in our consolidated statement of income. The Company and our suppliers agree on the contractual terms for the goods and services we procure, including prices, quantities and payment terms, regardless of whether the supplier elects to participate in the SCF program. The suppliers sell goods or services, as applicable, to the Company and issue the associated invoices to the Company based on the agreed-upon contractual terms. Then, if they are participating in the SCF program, our suppliers, at their sole discretion, determine which invoices, if any, they want to sell to the financial institutions. Our suppliers' voluntary inclusion of invoices in the SCF program has no bearing on our payment terms. No guarantees are provided by the Company or any of our subsidiaries under the SCF program. We have no economic interest in a supplier's decision to participate in the SCF program, and we have no direct financial relationship with the financial institutions, as it relates to the SCF program. Accordingly, amounts due to our suppliers that elected to participate in the SCF program are included in the line item accounts payable and accrued expenses in our consolidated balance sheet. All activity related to amounts due to suppliers that elected to participate in the SCF program is reflected within the operating activities section of our consolidated statement of cash flows. We have been informed by the financial institutions that as of December 31, 2021 and 2020, suppliers had elected to sell $882 million and $703 million, respectively, of our outstanding payment obligations to the financial institutions. The amounts settled through the SCF program were $3,237 million and $2,810 million during the years ended December 31, 2021 and 2020, respectively. We do not believe there is a risk that our payment terms will be shortened in the near future.

In the fourth quarter of 2020, the Company started a trade accounts receivable factoring program in certain countries. Under this program we can elect to sell trade accounts receivables to unaffiliated financial institutions at a discount. In these factoring arrangements, for ease of administration, the Company collects customer payments related to the factored receivables and remits those payments to the financial institutions. The Company sold $6,266 million and $185 million of trade accounts receivables under this program during the years ended December 31, 2021 and 2020, respectively, and the costs of factoring such receivables were not material. The cash received from the financial institutions is classified within the operating activities section in our consolidated statement of cash flows.

Net cash provided by operating activities for the years ended December 31, 2021 and 2020 was $12,625 million and $9,844 million, respectively, an increase of $2,781 million, or 28 percent. This increase was primarily driven by increased operating income, which includes a benefit from our trade accounts receivable factoring program, a favorable impact of foreign currency exchange rate fluctuations, lower annual incentive payments in 2021 as a result of the impact of the COVID-19 pandemic on our operating performance in 2020, lower payments in 2021 of prior year-end marketing accruals due to lower spending in 2020 as a result of the COVID-19 pandemic, and lower prepayments to customers in 2021. These items were partially offset by higher payments related to our strategic realignment initiatives along with higher tax payments in 2021.

Cash Flows from Investing Activities

Net cash used in investing activities was $2,765 million and $1,477 million in 2021 and 2020, respectively.

Purchases of Investments and Proceeds from Disposals of Investments

In 2021, purchases of investments were $6,030 million and proceeds from disposals of investments were $7,059 million, resulting in a net cash inflow of $1,029 million. In 2020, purchases of investments were $13,583 million and proceeds from disposals of investments were $13,835 million, resulting in a net cash inflow of $252 million. This activity primarily represents the purchases of, and proceeds from the disposals of, investments in marketable securities and short-term investments that were made as part of the Company's overall cash management strategy. Also included in this activity are purchases of, and proceeds from the disposals of, investments held by our captive insurance companies.

Acquisitions of Businesses, Equity Method Investments and Nonmarketable Securities

In 2021, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $4,766 million, which primarily related to the acquisition of the remaining ownership interest in BodyArmor.

In 2020, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,052 million, which primarily related to the acquisition of the remaining ownership interest in fairlife.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our acquisitions.

Proceeds from Disposals of Businesses, Equity Method Investments and Nonmarketable Securities

In 2021, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $2,180 million, which primarily related to the sale of our ownership interest in CCA, an equity method investee, to CCEP, also an equity method investee.

In 2020, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $189 million, which primarily related to the sale of our ownership interest in Piedmont Coca-Cola Bottling Partnership to Coca-Cola Consolidated, Inc., an equity method investee.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our disposals.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment during the years ended December 31, 2021 and 2020 were $1,367 million and $1,177 million, respectively.

Total capital expenditures for property, plant and equipment and the percentage of such totals by operating segment and Corporate were as follows (in millions):

Year Ended December 31,	**2021**	2020
Capital expenditures	**$ 1,367**	$ 1,177
Europe, Middle East & Africa	**2.6 %**	2.3 %
Latin America	**0.1**	0.5
North America	**16.7**	15.5
Asia Pacific	**4.8**	1.7
Global Ventures	**20.8**	22.2
Bottling Investments	**41.0**	40.3
Corporate	**14.0**	17.6

Cash Flows from Financing Activities

Net cash used in financing activities was $6,786 million and $8,070 million in 2021 and 2020, respectively.

Debt Financing

Our Company maintains debt levels we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. Our interest expense may also be affected by our credit ratings.

As of December 31, 2021, our long-term debt was rated "A+" by Standard & Poor's and "A1" by Moody's. Our commercial paper program was rated "A-1" by Standard & Poor's and "P-1" by Moody's. In assessing our credit strength, both rating agencies consider our capital structure (including the amount and maturity dates of our debt) and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, certain rating agencies also consider the financial information of certain bottlers, including CCEP, Coca-Cola Consolidated, Inc., Coca-Cola FEMSA and Coca-Cola Hellenic. While the Company has no legal obligation for the debt of these bottlers, the rating agencies believe the strategic importance of the bottlers to the Company's business model provides the Company with an incentive to keep these bottlers viable. It is our expectation that these rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure, our major bottlers' financial performance, changes in the credit rating agencies' methodology in assessing our credit strength, or for any other reason, our cost of borrowing could increase. Additionally, if certain bottlers' credit ratings were to decline, the Company's equity income could be reduced as a result of the potential increase in interest expense for those bottlers.

We monitor our financial ratios and, as indicated above, the rating agencies consider these ratios in assessing our credit ratings. Each rating agency employs a different aggregation methodology and has different thresholds for the various financial ratios. These thresholds are not necessarily permanent, nor are they always fully disclosed to our Company.

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

Issuances and payments of debt included both short-term and long-term financing activities. During 2021, the Company had issuances of debt of $13,094 million, which included $3,391 million of issuances related to commercial paper and short-term debt with maturities greater than 90 days and $80 million of net issuances related to commercial paper and short-term debt with maturities of 90 days or less. The Company's total long-term debt issuances were $9,623 million, net of related discounts and issuance costs.

During 2021, the Company made payments of debt of $12,866 million, which consisted of $2,357 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and payments of long-term debt of $10,509 million.

During 2020, the Company had issuances of debt of $26,934 million, which included $8,260 million of issuances related to commercial paper and short-term debt with maturities greater than 90 days and long-term debt issuances of $18,674 million, net of related discounts and issuance costs.

During 2020, the Company made payments of debt of $28,796 million, which included $15,292 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and $1,768 million net issuances related to commercial paper and short-term debt with maturities of 90 days or less. The Company's total payments of long-term debt were $11,736 million.

On December 31, 2021, the United Kingdom's Financial Conduct Authority, the governing body responsible for regulating LIBOR, ceased to publish certain LIBOR reference rates. However, other LIBOR reference rates, including U.S. dollar overnight, 1-month, 3-month, 6-month and 12-month maturities will continue to be published through June 2023. In preparation for the discontinuation of LIBOR, we have amended, or will amend, our LIBOR-referencing agreements to either reference the Secured Overnight Financing Rate or include mechanics for selecting an alternative rate. We do not plan to enter into variable-rate agreements that reference LIBOR after December 31, 2021.

Issuances of Stock

The issuances of stock in 2021 and 2020 were related to the exercise of stock options by Company employees.

Share Repurchases

In 2012, the Board of Directors authorized a share repurchase plan of up to 500 million shares of the Company's common stock. In 2019, our Board of Directors authorized a new plan for the Company to purchase up to an additional 150 million shares of our common stock.

During 2021 and 2020, the Company did not repurchase common stock under the share repurchase plan authorized by our Board of Directors. Since the inception of our share repurchase program in 1984, we have purchased 3.5 billion shares of our common stock at an average price per share of $17.25. In addition to shares repurchased under the share repurchase program authorized by our Board of Directors, the Company's treasury stock activity also includes shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees. The Company's treasury stock activity during 2021 resulted in a cash outflow of $111 million.

Dividends

The Company paid dividends of $7,252 million and $7,047 million during the years ended December 31, 2021 and 2020, respectively.

At its February 2022 meeting, our Board of Directors increased our regular quarterly dividend to $0.44 per share, equivalent to a full year dividend of $1.76 per share in 2022. This is our 60th consecutive annual increase. Our annualized common stock dividend was $1.68 per share and $1.64 per share in 2021 and 2020, respectively.

Contractual Obligations

As of December 31, 2021, the Company's contractual obligations, including payments due by period, were as follows (in millions):

	Payments Due by Period				
	Total	2022	2023-2024	2025-2026	2027 and Thereafter
Short-term loans and notes payable:[1]					
Commercial paper borrowings	$ 2,462	$ 2,462	$ —	$ —	$ —
Lines of credit and other short-term borrowings	845	845	—	—	—
Current maturities of long-term debt[2]	1,333	1,333	—	—	—
Long-term debt, net of current maturities[2]	37,846	—	2,192	1,732	33,922
Estimated interest payments[3]	10,648	620	1,125	1,059	7,844
Accrued income taxes[4]	3,594	686	1,709	1,199	—
Purchase obligations[5]	21,118	12,569	2,316	1,617	4,616
Marketing obligations[6]	3,589	2,331	623	326	309
Lease obligations	1,688	330	526	351	481
Acquisition obligations[7]	1,716	795	564	357	—
Held-for-sale obligations[8]	264	238	15	3	8
Total contractual obligations	$ 85,103	$ 22,209	$ 9,070	$ 6,644	$ 47,180

[1] Refer to Note 10 of Notes to Consolidated Financial Statements for information regarding short-term loans and notes payable. Upon payment of outstanding commercial paper, we typically issue new commercial paper. Lines of credit and other short-term borrowings are expected to fluctuate depending upon current liquidity needs, especially at international subsidiaries.

[2] Refer to Note 10 of Notes to Consolidated Financial Statements for information regarding long-term debt. We will consider several alternatives for settling this long-term debt, including the use of cash flows from operating activities, issuance of commercial paper or issuance of other long-term debt. The table above shows expected cash payments to be made by the Company and excludes the noncash portion of debt, including any fair market value adjustments, unamortized discounts and premiums.

[3] We calculated estimated interest payments for our long-term debt based on the applicable rates and payment dates. For our variable-rate debt, we have assumed the December 31, 2021 rate for all periods presented. We expect to fund such interest payments with cash flows from operating activities and/or short-term borrowings.

[4] Refer to Note 14 of Notes to Consolidated Financial Statements for information regarding income taxes. Accrued income taxes include $3,294 million related to the one-time transition tax required by the Tax Reform Act. Liabilities of $1,347 million for unrecognized tax benefits plus accrued interest and penalties were not included in the total above. Currently, the settlement period for the unrecognized tax benefits cannot be determined. In addition, any payments related to unrecognized tax benefits may be partially or fully offset by reductions in payments in other jurisdictions.

[5] Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms. These agreements include long-term contractual obligations, open purchase orders, accounts payable and certain accrued liabilities. We expect to fund these purchase obligations with cash flows from operating activities.

[6] We expect to fund these marketing obligations with cash flows from operating activities.

[7] Represents obligations related to our acquisitions of fairlife and BodyArmor. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

[8] Represents liabilities and contractual obligations of the Company's bottling operations that are classified as held for sale.

The total accrued liability for pension and other postretirement benefit plans recognized as of December 31, 2021 was $1,497 million. Refer to Note 13 of Notes to Consolidated Financial Statements. This amount is impacted by, among other items, net periodic benefit cost or income, plan funding levels, plan amendments, changes in plan demographics and assumptions, and the investment return on plan assets. Because the accrued liability does not represent expected liquidity needs, we did not include this amount in the table above.

We expect to make all contributions to our pension trusts with cash flows from operating activities. Our pension plans are generally funded in accordance with local laws and tax regulations. The Company expects to contribute $26 million in 2022 to our pension trusts, all of which will be allocated to our international plans. Refer to Note 13 of Notes to Consolidated Financial Statements. We did not include our estimated contributions to our pension trusts in the table above.

As of December 31, 2021, the projected benefit obligation of the U.S. qualified pension plans was $5,486 million, and the fair value of the plans' assets was $5,383 million. The projected benefit obligation of all pension plans other than the U.S. qualified pension plans was $3,094 million, and the fair value of the plans' assets was $3,522 million. The Company sponsors various

unfunded pension plans outside the United States as well as certain unfunded U.S. nonqualified pension plans. These U.S. nonqualified pension plans provide, for certain employees, benefits that are not permitted to be funded through a qualified plan because of limits imposed by the Internal Revenue Code of 1986. The expected benefit payments for these unfunded pension plans are not included in the table above. However, we anticipate annual benefit payments for these unfunded pension plans to be approximately $63 million for 2022 through 2027. Thereafter, the expected annual benefit payments will decrease. Refer to Note 13 of Notes to Consolidated Financial Statements.

In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claims history. As of December 31, 2021, our self-insurance reserves totaled $229 million. Refer to Note 11 of Notes to Consolidated Financial Statements. We did not include estimated payments related to our self-insurance reserves in the table above.

Deferred income tax liabilities as of December 31, 2021 were $2,821 million. Refer to Note 14 of Notes to Consolidated Financial Statements. This amount is not included in the table above because we believe that presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the underlying assets or liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future years. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

As of December 31, 2021, we were contingently liable for guarantees of indebtedness owed by third parties of $440 million, of which $93 million was related to VIEs. These guarantees are primarily related to third-party customers, bottlers and vendors and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees. However, management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable. As of December 31, 2021, we were not directly liable for the debt of any unconsolidated entity, and we did not have any retained or contingent interest in assets as defined above.

Foreign Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to changing economic and political environments as well as to fluctuations in currencies.

In 2021, we used 70 functional currencies in addition to the U.S. dollar. Due to the geographic diversity of our operations, weakness in some of these currencies may be offset by strength in others.

In 2021 and 2020, the weighted-average exchange rates for foreign currencies in which the Company conducted operations (all operating currencies), and for certain individual currencies, strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**2021**	2020
All operating currencies	**2 %**	(4)%
Australian dollar	**10 %**	(2)%
Brazilian real	**(4)**	(23)
British pound sterling	**3**	1
Euro	**5**	1
Japanese yen	**(2)**	2
Mexican peso	**6**	(10)
South African rand	**6**	(18)

The percentages in the table above do not include the effects of our hedging activities and, therefore, do not reflect the actual impact of fluctuations in foreign currency exchange rates on our operating results. Our foreign currency

management program is designed to mitigate, over time, a portion of the potentially unfavorable impact of exchange rate changes on our net income and earnings per share.

The total currency impact on net operating revenues, including the effect of our hedging activities, was an increase of 1 percent in 2021 and a decrease of 2 percent in 2020. The total currency impact on income before income taxes, including the effect of our hedging activities, was an increase of 2 percent in 2021 and a decrease of 6 percent in 2020.

Foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 5 of Notes to Consolidated Financial Statements. Foreign currency exchange gains and losses are recorded in the line item other income (loss) — net in our consolidated statement of income. Refer to the heading "Operations Review — Other Income (Loss) — Net" above. The Company recorded net foreign currency exchange losses of $61 million and $64 million during the years ended December 31, 2021 and 2020, respectively.

Impact of Inflation and Changing Prices

Inflation affects the way we operate in many markets around the world. In general, we believe that, over time, we will be able to increase prices to counteract the majority of the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our productive capability.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Company uses derivative financial instruments primarily to reduce our exposure to adverse fluctuations in foreign currency exchange rates, interest rates, commodity prices and other market risks. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all of our derivative positions are used to reduce risk by hedging an underlying economic exposure. Because of the high correlation between the hedging instruments and the underlying exposures, fluctuations in the values of the instruments are generally offset by reciprocal changes in the values of the underlying exposures.

We monitor our exposure to market risks using several objective measurement systems, including a sensitivity analysis to measure our exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Refer to Note 5 of Notes to Consolidated Financial Statements for additional information about our hedging transactions and derivative financial instruments.

Foreign Currency Exchange Rates

We manage most of our foreign currency exposures on a consolidated basis, which allows us to net certain exposures and take advantage of any natural offsets. In 2021, we used 70 functional currencies in addition to the U.S. dollar and generated $25.6 billion of our net operating revenues from operations outside the United States; therefore, weakness in some currencies may be offset by strength in other currencies over time. We use derivative financial instruments to further reduce our net exposure to foreign currency fluctuations.

Our Company enters into forward exchange contracts and purchases foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. Additionally, we enter into forward exchange contracts to offset the earnings impact related to foreign currency fluctuations on certain monetary assets and liabilities. We also enter into forward exchange contracts as hedges of net investments in foreign operations.

The total notional values of our foreign currency derivatives were $13,691 million and $16,663 million as of December 31, 2021 and 2020, respectively. These values included derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. The fair value of foreign currency derivatives that qualify for hedge accounting resulted in a net unrealized gain of $174 million as of December 31, 2021, and we estimate that a 10 percent weakening of the U.S. dollar would have decreased the net unrealized gain to $172 million. The fair value of the foreign currency derivatives that do not qualify for hedge accounting resulted in a net unrealized gain of $10 million as of December 31, 2021, and we estimate that a 10 percent weakening of the U.S. dollar would have resulted in a $58 million increase in fair value.

Interest Rates

The Company is subject to interest rate volatility with regard to existing and future issuances of debt. We monitor our mix of fixed-rate and variable-rate debt as well as our mix of short-term debt and long-term debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations.

Based on the Company's variable-rate debt and derivative instruments outstanding as of December 31, 2021, we estimate that a 1 percentage point increase in interest rates would have increased interest expense by $125 million in

2021. However, this increase in interest expense would have been partially offset by the increase in interest income due to higher interest rates.

The Company is subject to interest rate risk related to its investments in highly liquid debt securities. These investments are primarily managed by external managers within the guidelines of the Company's investment policy. Our policy requires these investments to be investment grade, with the primary objective of minimizing the risk of principal loss. In addition, our policy

limits the amount of credit exposure to any one issuer. We estimate that a 1 percentage point increase in interest rates would have resulted in a $52 million decrease in the fair value of our portfolio of highly liquid debt securities.

Commodity Prices

The Company is subject to market risk with respect to commodity price fluctuations, principally related to our purchases of sweeteners, metals, juices, PET and fuels. We manage our exposure to commodity risks primarily through the use of supplier pricing agreements, which enable us to establish the purchase prices for certain inputs that are used in our manufacturing and distribution operations. When deemed appropriate, we use derivative financial instruments to further manage our exposure to commodity risks. Certain of these derivatives do not qualify for hedge accounting, but they are effective economic hedges that help the Company mitigate the price risk associated with the purchases and transportation of materials used in our manufacturing processes.

The total notional values of our commodity derivatives were $918 million and $726 million as of December 31, 2021 and 2020, respectively. These values included derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. There were no significant commodity derivatives that qualify for hedge accounting as of December 31, 2021. The fair value of the commodity derivatives that do not qualify for hedge accounting resulted in a net gain of $127 million as of December 31, 2021, and we estimate that a 10 percent decrease in underlying commodity prices would have resulted in a $71 million decrease in fair value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Year Ended December 31,		**2021**		2020		2019
Net Operating Revenues	**$**	**38,655**	$	33,014	$	37,266
Cost of goods sold		**15,357**		13,433		14,619
Gross Profit		**23,298**		19,581		22,647
Selling, general and administrative expenses		**12,144**		9,731		12,103
Other operating charges		**846**		853		458
Operating Income		**10,308**		8,997		10,086
Interest income		**276**		370		563
Interest expense		**1,597**		1,437		946
Equity income (loss) — net		**1,438**		978		1,049
Other income (loss) — net		**2,000**		841		34
Income Before Income Taxes		**12,425**		9,749		10,786
Income taxes		**2,621**		1,981		1,801
Consolidated Net Income		**9,804**		7,768		8,985
Less: Net income (loss) attributable to noncontrolling interests		**33**		21		65
Net Income Attributable to Shareowners of The Coca-Cola Company	**$**	**9,771**	$	7,747	$	8,920
Basic Net Income Per Share[1]	**$**	**2.26**	$	1.80	$	2.09
Diluted Net Income Per Share[1]	**$**	**2.25**	$	1.79	$	2.07
Average Shares Outstanding — Basic		**4,315**		4,295		4,276
Effect of dilutive securities		**25**		28		38
Average Shares Outstanding — Diluted		**4,340**		4,323		4,314

[1] Calculated based on net income attributable to shareowners of The Coca-Cola Company.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

Year Ended December 31,		**2021**		2020		2019
Consolidated Net Income	**$**	**9,804**	$	7,768	$	8,985
Other Comprehensive Income:						
Net foreign currency translation adjustments		**(699)**		(911)		74
Net gains (losses) on derivatives		**214**		15		(54)
Net change in unrealized gains (losses) on available-for-sale debt securities		**(90)**		(47)		18
Net change in pension and other postretirement benefit liabilities		**712**		(267)		(159)
Total Comprehensive Income		**9,941**		6,558		8,864
Less: Comprehensive income (loss) attributable to noncontrolling interests		**(101)**		(132)		110
Total Comprehensive Income Attributable to Shareowners of The Coca-Cola Company	**$**	**10,042**	$	6,690	$	8,754

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions except par value)

December 31,		**2021**		2020
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**9,684**	$	6,795
Short-term investments		**1,242**		1,771
Total Cash, Cash Equivalents and Short-Term Investments		**10,926**		8,566
Marketable securities		**1,699**		2,348
Trade accounts receivable, less allowances of $516 and $526, respectively		**3,512**		3,144
Inventories		**3,414**		3,266
Prepaid expenses and other current assets		**2,994**		1,916
Total Current Assets		**22,545**		19,240
Equity method investments		**17,598**		19,273
Other investments		**818**		812
Other noncurrent assets		**6,731**		6,184
Deferred income tax assets		**2,129**		2,460
Property, plant and equipment — net		**9,920**		10,777
Trademarks with indefinite lives		**14,465**		10,395
Goodwill		**19,363**		17,506
Other intangible assets		**785**		649
Total Assets	**$**	**94,354**	$	87,296
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**14,619**	$	11,145
Loans and notes payable		**3,307**		2,183
Current maturities of long-term debt		**1,338**		485
Accrued income taxes		**686**		788
Total Current Liabilities		**19,950**		14,601
Long-term debt		**38,116**		40,125
Other noncurrent liabilities		**8,607**		9,453
Deferred income tax liabilities		**2,821**		1,833
The Coca-Cola Company Shareowners' Equity				
Common stock, $0.25 par value; authorized — 11,200 shares; issued — 7,040 shares		**1,760**		1,760
Capital surplus		**18,116**		17,601
Reinvested earnings		**69,094**		66,555
Accumulated other comprehensive income (loss)		**(14,330)**		(14,601)
Treasury stock, at cost — 2,715 and 2,738 shares, respectively		**(51,641)**		(52,016)
Equity Attributable to Shareowners of The Coca-Cola Company		**22,999**		19,299
Equity attributable to noncontrolling interests		**1,861**		1,985
Total Equity		**24,860**		21,284
Total Liabilities and Equity	**$**	**94,354**	$	87,296

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

Year Ended December 31,	2021	2020	2019
Operating Activities			
Consolidated net income	**$ 9,804**	$ 7,768	$ 8,985
Depreciation and amortization	**1,452**	1,536	1,365
Stock-based compensation expense	**337**	126	201
Deferred income taxes	**894**	(18)	(280)
Equity (income) loss — net of dividends	**(615)**	(511)	(421)
Foreign currency adjustments	**86**	(88)	91
Significant (gains) losses — net	**(1,365)**	(914)	(467)
Other operating charges	**506**	556	127
Other items	**201**	699	504
Net change in operating assets and liabilities	**1,325**	690	366
Net Cash Provided by Operating Activities	**12,625**	9,844	10,471
Investing Activities			
Purchases of investments	**(6,030)**	(13,583)	(4,704)
Proceeds from disposals of investments	**7,059**	13,835	6,973
Acquisitions of businesses, equity method investments and nonmarketable securities	**(4,766)**	(1,052)	(5,542)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	**2,180**	189	429
Purchases of property, plant and equipment	**(1,367)**	(1,177)	(2,054)
Proceeds from disposals of property, plant and equipment	**108**	189	978
Other investing activities	**51**	122	(56)
Net Cash Provided by (Used in) Investing Activities	**(2,765)**	(1,477)	(3,976)
Financing Activities			
Issuances of debt	**13,094**	26,934	23,009
Payments of debt	**(12,866)**	(28,796)	(24,850)
Issuances of stock	**702**	647	1,012
Purchases of stock for treasury	**(111)**	(118)	(1,103)
Dividends	**(7,252)**	(7,047)	(6,845)
Other financing activities	**(353)**	310	(227)
Net Cash Provided by (Used in) Financing Activities	**(6,786)**	(8,070)	(9,004)
Effect of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**(159)**	76	(72)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents			
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the year	**2,915**	373	(2,581)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	**7,110**	6,737	9,318
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents at End of Year	**10,025**	7,110	6,737
Less: Restricted cash and restricted cash equivalents at end of year	**341**	315	257
Cash and Cash Equivalents at End of Year	**$ 9,684**	$ 6,795	$ 6,480

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY
(In millions except per share data)

Year Ended December 31,	2021	2020	2019
Equity Attributable to Shareowners of The Coca-Cola Company			
Number of Common Shares Outstanding			
Balance at beginning of year	**4,302**	4,280	4,268
Treasury stock issued to employees related to stock-based compensation plans	**23**	22	33
Purchases of stock for treasury	**—**	—	(21)
Balance at end of year	**4,325**	4,302	4,280
Common Stock	**$ 1,760**	$ 1,760	$ 1,760
Capital Surplus			
Balance at beginning of year	**17,601**	17,154	16,520
Stock issued to employees related to stock-based compensation plans	**216**	307	433
Stock-based compensation expense	**299**	141	201
Other activities	**—**	(1)	—
Balance at end of year	**18,116**	17,601	17,154
Reinvested Earnings			
Balance at beginning of year	**66,555**	65,855	63,234
Adoption of accounting standards[1]	**19**	—	546
Net income attributable to shareowners of The Coca-Cola Company	**9,771**	7,747	8,920
Dividends (per share — $1.68, $1.64 and $1.60 in 2021, 2020 and 2019, respectively)	**(7,251)**	(7,047)	(6,845)
Balance at end of year	**69,094**	66,555	65,855
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of year	**(14,601)**	(13,544)	(12,814)
Adoption of accounting standards[1]	**—**	—	(564)
Net other comprehensive income (loss)	**271**	(1,057)	(166)
Balance at end of year	**(14,330)**	(14,601)	(13,544)
Treasury Stock			
Balance at beginning of year	**(52,016)**	(52,244)	(51,719)
Treasury stock issued to employees related to stock-based compensation plans	**375**	228	501
Purchases of stock for treasury	**—**	—	(1,026)
Balance at end of year	**(51,641)**	(52,016)	(52,244)
Total Equity Attributable to Shareowners of The Coca-Cola Company	**$ 22,999**	$ 19,299	$ 18,981
Equity Attributable to Noncontrolling Interests			
Balance at beginning of year	**$ 1,985**	$ 2,117	$ 2,077
Net income attributable to noncontrolling interests	**33**	21	65
Net foreign currency translation adjustments	**(132)**	(153)	45
Dividends paid to noncontrolling interests	**(43)**	(18)	(48)
Acquisition of interests held by noncontrolling owners	**—**	—	(84)
Contributions by noncontrolling interests	**20**	17	3
Net change in pension and other postretirement benefit liabilities	**(2)**	—	—
Business combinations	**—**	1	59
Total Equity Attributable to Noncontrolling Interests	**$ 1,861**	$ 1,985	$ 2,117

[1] The 2021 amount represents the adoption of Accounting Standards Update ("ASU") 2019-12, *Simplifying the Accounting for Income Taxes*, effective January 1, 2021. For information regarding the 2019 amounts, refer to Note 1 and Note 5.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When used in these notes, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

Description of Business

The Coca-Cola Company is a total beverage company. We own or license and market numerous beverage brands, which we group into the following categories: Trademark Coca-Cola; sparkling flavors; hydration, sports, coffee and tea; nutrition, juice, dairy and plant-based beverages; and emerging beverages. We own and market five of the world's top six nonalcoholic sparkling soft drink brands: Coca-Cola, Sprite, Fanta, Diet Coke and Coca-Cola Zero Sugar. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as the Company's consolidated bottling and distribution operations. Beverages bearing trademarks owned by or licensed to us account for 2.1 billion of the approximately 63 billion servings of all beverages consumed worldwide every day.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 11. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $1,980 million and $2,567 million as of December 31, 2021 and 2020, respectively, representing our maximum exposures to loss. The Company's investments, plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's investments, plus any loans and guarantees, related to these VIEs totaled $103 million and $74 million as of December 31, 2021 and 2020, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions, other commercial arrangements and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Revenue Recognition

Our Company recognizes revenue when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Refer to Note 3.

Advertising Costs

Our Company expenses production costs of print, radio, television and other advertisements as of the first date the advertisements take place. All other marketing expenditures are expensed in the annual period in which the expenditure is incurred. Advertising costs included in the line item selling, general and administrative expenses in our consolidated statements of income were $4 billion, $3 billion and $4 billion in 2021, 2020 and 2019, respectively. As of December 31, 2021 and 2020, advertising and production costs of $57 million and $83 million, respectively, were primarily recorded in the line item prepaid expenses and other current assets in our consolidated balance sheets.

Shipping and Handling Costs

Shipping and handling costs related to the movement of goods from our manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated statement of income. Shipping and handling costs incurred to move goods from our manufacturing locations or sales distribution centers to our customers are also included in the line item cost of goods sold in our consolidated statement of income, except for costs incurred to distribute goods sold by our consolidated bottlers to our customers, which are included in the line item selling, general and administrative expenses in our consolidated statement of income. Our customers generally do not pay us separately for shipping and handling costs. We recognize the cost of shipping and handling activities that are performed after a customer obtains control of the goods as costs to fulfill our promise to provide goods to the customer. As a result of this election, the Company does not evaluate whether shipping and handling activities are services promised to customers. If revenue is recognized for the related goods before the shipping and handling activities occur, the related costs of those shipping and handling activities are accrued.

Sales, Use, Value-Added and Excise Taxes

The Company collects taxes imposed directly on its customers related to sales, use, value-added, excise and other similar taxes. The Company then remits such taxes on behalf of its customers to the applicable governmental authorities. We exclude from net operating revenues the tax amounts imposed on revenue-producing transactions that were collected from our customers to be remitted to governmental authorities. Accordingly, such tax amounts are recorded in the line item trade accounts receivable in our consolidated balance sheet when collection of taxes from the customer has not yet occurred and are recorded in the line item accounts payable and accrued expenses in our consolidated balance sheet until they are remitted to the applicable governmental authorities. Taxes imposed directly on the Company, whether based on receipts from sales, inventory procurement costs or manufacturing activities, are recorded in the line item cost of goods sold in our consolidated statement of income.

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to shareowners of The Coca-Cola Company by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per share is computed similarly to basic net income per share, except that it includes the potential dilution that could occur if dilutive securities were exercised. Approximately 6 million stock options were excluded from the computation of diluted net income per share in both 2021 and 2020 because the stock options would have been antidilutive. The number of stock options excluded from the computation of diluted net income per share in 2019 was insignificant.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents or restricted cash equivalents, as applicable. Restricted cash and restricted cash equivalents generally consist of amounts held by our captive insurance companies, which are included in the line item other noncurrent

assets on our consolidated balance sheet. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our concentrations of credit risk.

The following table provides a summary of cash, cash equivalents, restricted cash and restricted cash equivalents that constitute the total amounts shown in our consolidated statements of cash flows (in millions):

December 31,	**2021**	2020	2019
Cash and cash equivalents	**$ 9,684**	$ 6,795	$ 6,480
Restricted cash and restricted cash equivalents included in other noncurrent assets[1,2]	**341**	315	257
Cash, cash equivalents, restricted cash and restricted cash equivalents	**$ 10,025**	$ 7,110	$ 6,737

[1] Amounts represent restricted cash and restricted cash equivalents in our solvency capital portfolio set aside primarily to cover pension obligations in certain of our European and Canadian pension plans. Refer to Note 4.

[2] As of December 31, 2021, restricted cash and restricted cash equivalents includes amounts related to assets held for sale. Refer to Note 2.

Short-Term Investments

We classify time deposits and other investments that have maturities of greater than three months but less than one year as short-term investments.

Investments in Equity and Debt Securities

We measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with the change in fair value included in net income. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis. Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Refer to Note 4 for additional information on our policy for investments, which includes our assessment of impairments.

Trade Accounts Receivable

We record trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any expected loss on the trade accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on available relevant information, in addition to historical loss information, the level of past-due accounts based on the contractual terms of the receivables, and our relationships with, and the economic status of, our bottling partners and customers. We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

In the fourth quarter of 2020, the Company started a trade accounts receivable factoring program in certain countries. Under this program we can elect to sell trade accounts receivables to unaffiliated financial institutions at a discount. In these factoring arrangements, for ease of administration, the Company collects customer payments related to the factored receivables and remits those payments to the financial institutions. The Company sold $6,266 million and $185 million of trade accounts receivables under this program during the years ended December 31, 2021 and 2020, respectively, and the costs of factoring such receivables were not material. The Company accounts for this program as a sale, and accordingly, the trade receivables sold are excluded from trade accounts receivable on our consolidated balance sheet. The cash received from the financial institutions is classified within the operating activities section in our consolidated statement of cash flows.

Inventories

Inventories consist primarily of raw materials and packaging (which include ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate operations and finished beverages in our finished

product operations). Inventories are valued at the lower of cost or net realizable value. We determine cost on the basis of the average cost or first-in, first-out methods.

Inventories consisted of the following (in millions):

December 31,		**2021**		2020
Raw materials and packaging	**$**	**2,133**	$	2,106
Finished goods		**982**		791
Other		**299**		369
Total inventories	**$**	**3,414**	$	3,266

Derivative Instruments

When deemed appropriate, our Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk. All derivatives are carried at fair value in our consolidated balance sheet in the following line items, as applicable: prepaid expenses and other current assets; other noncurrent assets; accounts payable and accrued expenses; and other noncurrent liabilities. The cash flow impact of the Company's derivative instruments is primarily included in our consolidated statement of cash flows in net cash provided by operating activities. Refer to Note 5.

Leases

We determine if a contract contains a lease at its inception based on whether or not the Company has the right to control the asset during the contract period and other facts and circumstances. We are the lessee in a lease contract when we obtain the right to control the asset. Operating lease right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and are included in the line item other noncurrent assets on our consolidated balance sheet. Operating lease liabilities represent our obligation to make lease payments arising from the lease and are included in the line items accounts payable and accrued expenses and other noncurrent liabilities on our consolidated balance sheet. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on our consolidated balance sheet and are expensed on a straight-line basis over the lease term in our consolidated statement of income. When determining the lease term, we include renewal or termination options that we are reasonably certain to exercise. As most of our leases do not provide an implicit interest rate, we use our local incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. When our contracts contain lease and non-lease components, we account for both components as a single lease component. Refer to Note 9.

We have various contracts for certain fountain equipment under which we are the lessor. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets, which are reviewed periodically and generally have the following ranges: buildings and improvements: 40 years or less; and machinery and equipment: 20 years or less. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term, including renewal options that we are reasonably certain to exercise, or the estimated useful life of the improvement. Depreciation is not recorded during the period in which a long-lived asset or disposal group is classified as held for sale, even if the asset or disposal group continues to generate revenue during the period. Depreciation expense, including the depreciation expense of assets under finance leases, totaled $1,262 million, $1,301 million and $1,208 million in 2021, 2020 and 2019, respectively. Amortization expense for leasehold improvements totaled $15 million, $18 million and $18 million in 2021, 2020 and 2019, respectively.

The following table summarizes our property, plant and equipment (in millions):

December 31,		**2021**		2020
Land	**$**	**652**	$	676
Buildings and improvements		**4,349**		4,782
Machinery and equipment		**13,861**		14,242
Property, plant and equipment — cost		**18,862**		19,700
Less: Accumulated depreciation		**8,942**		8,923
Property, plant and equipment — net	**$**	**9,920**	$	10,777

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and a recoverability test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment charge. The impairment charge recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models. These appraisals and models include assumptions we believe are consistent with those a market participant would use.

Goodwill, Trademarks and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally less than 20 years. Refer to Note 7.

When events or circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management performs a recoverability test of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment charge. The impairment charge recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which include assumptions we believe are consistent with those a market participant would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment tests of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which include assumptions we believe are consistent with those a market participant would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the impairment testing described above. Otherwise, the Company does not need to perform any further assessment.

We perform impairment tests of goodwill at our reporting unit level, which is generally one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our geographic operating segments are generally subdivided into smaller geographic regions. These geographic regions are our reporting units. Our Global Ventures operating segment includes the results of our Costa Limited ("Costa"), innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster Beverage Corporation ("Monster"), each of which is its own reporting unit. The Bottling

Investments operating segment includes all of our consolidated bottling operations, regardless of geographic location. Generally, each consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value,
including goodwill. If the fair value of the reporting unit is less than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the impairment charge recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a market participant would use. The Company has the option to perform a qualitative assessment of goodwill in order to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company concludes that this is the case, it must perform the impairment testing discussed above. Otherwise, the Company does not need to perform any further assessment.

Impairment charges related to intangible assets, including goodwill, are generally recorded in the line item other operating charges or, to the extent they relate to equity method investees, in the line item equity income (loss) — net in our consolidated statement of income.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Refer to Note 11.

Stock-Based Compensation

Our Company grants long-term equity awards under its stock-based compensation plans to certain employees of the Company. These awards include stock options, performance share units, restricted stock and restricted stock units. The fair value of stock option grants is estimated on the grant date using a Black-Scholes-Merton option-pricing model. The Company recognizes compensation expense on a straight-line basis over the period the stock option award is earned by the employee, which is generally four years.

The fair value of restricted stock, restricted stock units and certain performance share units is the closing market price per share of the Company's stock on the grant date less the present value of the expected dividends not received during the vesting period. The Company included a relative total shareowner return ("TSR") modifier for most performance share unit awards granted from 2014 through 2017 as well as for performance share unit awards granted to executives from 2018 through 2021. For these awards, the number of performance share units earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies fell outside of a predefined range. The fair value of performance share units that include a TSR modifier is determined using a Monte Carlo valuation model.

In the reporting period it becomes probable that the minimum performance threshold specified in the performance share unit award will be achieved, we recognize compensation expense for the proportionate share of the total fair value of the performance share units related to the vesting period that has already lapsed for the performance share units expected to vest. The remaining fair value of the performance share units expected to vest is expensed on a straight-line basis over the remainder of the vesting period. In the event the Company determines it is no longer probable that the minimum performance threshold specified in the award will be achieved, we reverse all of the previously recognized compensation expense in the reporting period such a determination is made.

The Company has made a policy election to estimate the number of stock-based compensation awards that will ultimately vest to determine the amount of compensation expense recognized each reporting period. Forfeiture estimates are trued-up at the end of the vesting period in order to ensure that compensation expense is recognized only for those awards that ultimately vest. Refer to Note 12.

Income Taxes

Income tax expense includes U.S., state, local and international income taxes. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the book basis and the tax basis of assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. The number of years subject to tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Refer to Note 11 and Note 14.

Translation and Remeasurement

We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Generally, our foreign subsidiaries use the local currency as their functional currency. Changes in the carrying values of these assets and liabilities attributable to fluctuations in spot rates are recognized in net foreign currency translation adjustments, a component of accumulated other comprehensive income (loss) ("AOCI"). Refer to Note 15. Accounts in our consolidated statement of income are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is recognized in the line item other income (loss) — net in our consolidated statement of income and is partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 5.

Recently Adopted Accounting Guidance

In February 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"), which permits entities to reclassify the disproportionate income tax effects of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act") on items within AOCI to reinvested earnings. These disproportionate income tax effect items are referred to as "stranded tax effects." The amendments in this update only relate to the reclassification of the income tax effects of the Tax Reform Act. Other accounting guidance that requires the effect of changes in tax laws or rates to be included in net income is not affected by this update. We adopted ASU 2018-02 effective January 1, 2019. We recognized a cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2019 by $558 million related to the effect that the change in the income tax rate had on the gross deferred tax amounts of items remaining in AOCI.

NOTE 2: ACQUISITIONS AND DIVESTITURES

Acquisitions

During 2021, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $4,766 million, which primarily related to the acquisition of the remaining ownership interest in BA Sports Nutrition, LLC ("BodyArmor").

During 2020, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,052 million, which primarily related to the acquisition of the remaining ownership interest in fairlife, LLC ("fairlife").

During 2019, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $5,542 million, which primarily related to the acquisitions of Costa, the remaining ownership interest in C.H.I. Limited ("CHI") and controlling interests in bottling operations in Zambia, Kenya and Eswatini.

BA Sports Nutrition, LLC

In November 2021, the Company acquired the remaining 85 percent ownership interest in, and now owns 100 percent of, BodyArmor, which offers a line of sports performance and hydration beverages in the United States. We acquired the remaining ownership interest in exchange for approximately $5,600 million of cash, of which $4,745 million was paid at close, net of cash acquired. The purchase price reflected the contractual discount included in the purchase option we obtained with our initial

investment in 2018. The remaining $860 million of the purchase price was held back related to indemnification obligations, of which $540 million was included in the line item accounts payable and accrued expenses and $320 million was included in the line item other noncurrent liabilities in our consolidated balance sheet. Upon consolidation, we recognized a gain of $834 million resulting from the remeasurement of our previously held equity interest in BodyArmor to fair value. The fair value of our previously held equity interest was determined using a discounted cash flow model based on Level 3 inputs. The gain was recorded in the line item other income (loss) — net in our consolidated statement of income. As of December 31, 2021, $4.2 billion of the purchase price was preliminarily allocated to the BodyArmor trademark and $2.2 billion was preliminarily allocated to goodwill, of which $1.2 billion is tax deductible. The goodwill recognized as part of this acquisition is primarily related to the synergistic value created from leveraging the capabilities, assets and scale of the Company and the opportunity for international expansion. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce. Of the total amount preliminarily allocated to goodwill, $1.9 billion has been assigned to the North America operating segment and $0.3 billion has been assigned to our other geographic operating segments. The preliminary allocation of the purchase price is subject to refinement when valuations are finalized. As of December 31, 2021, the valuations that have not been finalized primarily relate to other intangible assets and operating lease ROU assets and operating lease liabilities. The final purchase price allocation will be completed no later than the fourth quarter of 2022.

fairlife, LLC

In January 2020, the Company acquired the remaining 57.5 percent ownership interest in, and now owns 100 percent of, fairlife. fairlife offers a broad portfolio of products in the value-added dairy category across North America. Upon consolidation, we recognized a gain of $902 million resulting from the remeasurement of our previously held equity interest in fairlife to fair value. The fair value of our previously held equity interest was determined using a discounted cash flow model based on Level 3 inputs. The gain was recorded in the line item other income (loss) — net in our consolidated statement of income. We acquired the remaining ownership interest in exchange for $979 million of cash, net of cash acquired, and effectively settled our $306 million note receivable from fairlife at the recorded amount. Under the terms of the agreement, we are subject to making future milestone payments which are contingent on fairlife achieving certain financial targets through 2024 and, if achieved, are payable in 2021, 2023 and 2025. These milestone payments are based on agreed-upon formulas related to fairlife's operating results, the resulting values of which are not subject to a ceiling. Under the applicable accounting guidance, we recorded a $270 million liability representing our best estimate of the fair value of this contingent consideration as of the acquisition date. The fair value of this contingent consideration was determined using a Monte Carlo valuation model based on Level 3 inputs, including management's latest estimates of future operating results. We are required to remeasure this liability to fair value quarterly with any changes in the fair value recorded in income until the final milestone payment is made. Upon finalization of purchase accounting, $1.3 billion of the purchase price was allocated to the fairlife trademark and $0.8 billion was allocated to goodwill. The goodwill recognized as part of this acquisition is primarily related to synergistic value created from the opportunity for additional expansion. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce. The goodwill is not tax deductible and has been assigned to the North America operating segment.

During the years ended December 31, 2021 and 2020, we recorded charges of $369 million and $51 million, respectively. These charges related to the remeasurement of the contingent consideration liability to fair value and were recorded in the line item other operating charges in our consolidated statements of income. During the year ended December 31, 2021, we made the first milestone payment of $100 million based on fairlife meeting its financial targets in 2020.

Costa Limited

In January 2019, the Company acquired Costa in exchange for $4.9 billion of cash, net of cash acquired. Costa is a coffee business with retail stores in more than 30 countries, the Costa Express vending system and a state-of-the-art roastery. We believe this acquisition will allow us to increase our presence in the hot beverage market, as Costa has a scalable platform across multiple formats and channels, including opportunities to introduce ready-to-drink products. Upon finalization of purchase accounting, $2.4 billion of the purchase price was allocated to the Costa trademark and $2.5 billion was allocated to goodwill. The goodwill recognized as part of this acquisition is primarily related to synergistic value created from the opportunity for additional expansion as well as our ability to market and distribute Costa in ready-to-drink form throughout our bottling system. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce. The goodwill is not tax deductible and has

been assigned to the Global Ventures operating segment, except for $108 million which was assigned to the Europe, Middle East and Africa operating segment.

C.H.I. Limited

In January 2019, the Company acquired the remaining 60 percent ownership interest in CHI, a Nigerian producer of value-added dairy and juice beverages and iced tea, in exchange for $257 million of cash, net of cash acquired, under the terms of the agreement for our original investment in CHI. Upon consolidation, we recognized a net loss of $118 million, which included

the remeasurement of our previously held equity interest in CHI to fair value and the reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. The net loss was recorded in the line item other income (loss) — net in our consolidated statement of income.

Divestitures

During 2021, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $2,180 million, which primarily related to the sale of our ownership interest in Coca-Cola Amatil Limited ("CCA"), an equity method investee, to Coca-Cola Europacific Partners plc ("CCEP"), also an equity method investee. We received cash proceeds of $1,738 million and recognized a net gain of $695 million as a result of the sale and the related reversal of cumulative translation adjustments. Also included were the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. We received cash proceeds of $293 million and recognized a net gain of $114 million as a result of these sales.

During 2020, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $189 million, which primarily related to the sale of our ownership interest in Piedmont Coca-Cola Bottling Partnership to Coca-Cola Consolidated, Inc., an equity method investee. We received cash proceeds of $100 million and recognized a net loss of $2 million as a result of this sale. Also included were the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. We received cash proceeds of $62 million and recognized a net gain of $35 million as a result of these sales.

During 2019, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $429 million, which primarily related to the sale of a portion of our ownership interest in Embotelladora Andina S.A. ("Andina") and the refranchising of certain of our bottling operations in India. As a result of these transactions, we recognized gains of $39 million and $73 million, respectively. We continue to account for our remaining ownership interest in Andina as an equity method investment as a result of our representation on Andina's Board of Directors and other governance rights.

Coca-Cola Beverages Africa Proprietary Limited

Due to the Company's original intent to refranchise Coca-Cola Beverages Africa Proprietary Limited ("CCBA"), it was accounted for as held for sale and as a discontinued operation from October 2017 through the first quarter of 2019. Additionally, CCBA's property, plant and equipment was not depreciated and its definite-lived intangible assets were not amortized during this period. While the Company had discussions with a number of potential partners throughout the period CCBA was held for sale, during the second quarter of 2019 the Company updated its plans with the intent to maintain its controlling stake in CCBA, which resulted in CCBA no longer qualifying as held for sale or as a discontinued operation. As a result of this change, we recorded a $160 million adjustment to reduce the carrying value of CCBA's property, plant and equipment and definite-lived intangible assets by an additional $34 million and $126 million, respectively, to reflect additional depreciation and amortization that would have been recognized during the period CCBA was held for sale. This adjustment was recorded in the line item other income (loss) — net in our consolidated statement of income.

Assets and Liabilities Held for Sale

As of December 31, 2021, the Company had certain bottling operations in Asia Pacific that met the criteria to be classified as held for sale. As a result, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell. As the fair value less any costs to sell exceeded the carrying value, the related assets and liabilities were recorded at their carrying value. These assets and liabilities were included in the Bottling Investments operating segment. The Company expects these bottling operations to be refranchised during 2022.

The following table presents information related to the major classes of assets and liabilities that were classified as held for sale
and were included in the line items prepaid expenses and other current assets and accounts payable and accrued expenses, respectively, in our consolidated balance sheet (in millions):

		December 31, 2021
Cash, cash equivalents and short-term investments	$	228
Trade accounts receivable, less allowances		21
Inventories		55
Prepaid expenses and other current assets		36
Other noncurrent assets		9
Deferred income tax assets		6
Property, plant and equipment — net		282
Goodwill		37
Assets held for sale	$	674
Accounts payable and accrued expenses	$	139
Accrued income taxes		4
Other noncurrent liabilities		9
Deferred income tax liabilities		5
Liabilities held for sale	$	157

NOTE 3: REVENUE RECOGNITION

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as “beverage bases,” and syrups, including fountain syrups (we refer to this part of our business as our “concentrate operations”); and
- finished sparkling soft drinks and other beverages (we refer to this part of our business as our “finished product operations”).

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

Our concentrate operations typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our “bottlers” or our “bottling partners”). Our bottling partners either combine concentrates with still or sparkling water and sweeteners (depending on the product), or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrates, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished beverages to retailers, or to distributors and wholesalers who in turn sell the beverages to retailers. These operations consist primarily of our consolidated bottling and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company’s bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. Additionally, we sell directly to consumers through retail stores operated by Costa. These sales are included in our Global Ventures operating segment. In the United States, we manufacture

fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who in turn sell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates, syrups or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Upon transfer of control to the customer, which completes our performance obligation, revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the price we charge bottlers for concentrates they use to prepare and package finished products is impacted by a number of factors, including, but not limited to, the prices charged by the bottlers for such finished products, the channels in which they are sold, and package mix. The amounts associated with the arrangements described above represent variable consideration, an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates. The change in the amount of variable consideration recognized during the year ended December 31, 2021 related to performance obligations satisfied in prior periods was immaterial.

The following table presents net operating revenues disaggregated between the United States and International and further by line of business (in millions):

	United States	International	Total
Year Ended December 31, 2021			
Concentrate operations	**$ 6,551**	**$ 15,248**	**$ 21,799**
Finished product operations	**6,459**	**10,397**	**16,856**
Total	**$ 13,010**	**$ 25,645**	**$ 38,655**
Year Ended December 31, 2020			
Concentrate operations	$ 5,443	$ 13,139	$ 18,582
Finished product operations	5,838	8,594	14,432
Total	$ 11,281	$ 21,733	$ 33,014
Year Ended December 31, 2019			
Concentrate operations	$ 5,252	$ 15,247	$ 20,499
Finished product operations	6,463	10,304	16,767
Total	$ 11,715	$ 25,551	$ 37,266

Refer to Note 19 for additional revenue disclosures by operating segment and Corporate.

NOTE 4: INVESTMENTS

We measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with the change in fair value included in net income. We use quoted market prices to determine the fair values of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus

changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis.

Our investments in debt securities are carried at either amortized cost or fair value. The cost basis is determined by the specific identification method. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of AOCI, except for the changes in fair values attributable to the currency risk being hedged, if applicable, which are included in net income. Refer to Note 5 for additional information related to the Company's fair value hedges of available-for-sale debt securities.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe a market participant would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Equity Securities

The carrying values of our equity securities were included in the following line items in our consolidated balance sheets (in millions):

	Fair Value with Changes Recognized in Income	Measurement Alternative — No Readily Determinable Fair Value
December 31, 2021		
Marketable securities	**$ 376**	**$ —**
Other investments	**771**	**47**
Other noncurrent assets	**1,576**	**—**
Total equity securities	**$ 2,723**	**$ 47**
December 31, 2020		
Marketable securities	$ 330	$ —
Other investments	762	50
Other noncurrent assets	1,282	—
Total equity securities	$ 2,374	$ 50

The calculation of net unrealized gains and losses recognized during the year related to equity securities still held at the end of the year is as follows (in millions):

Year Ended December 31,		**2021**		2020
Net gains (losses) recognized during the year related to equity securities	**$**	**509**	$	146
Less: Net gains (losses) recognized during the year related to equity securities sold during the year		**71**		(22)
Net unrealized gains (losses) recognized during the year related to equity securities still held at the end of the year	**$**	**438**	$	168

Debt Securities

Our debt securities consisted of the following (in millions):

			Gross Unrealized				
		Cost		Gains		Losses	Estimated Fair Value
December 31, 2021							
Trading securities	**$**	**39**	**$**	**1**	**$**	**—**	**$ 40**
Available-for-sale securities		**1,648**		**33**		**(132)**	**1,549**
Total debt securities	**$**	**1,687**	**$**	**34**	**$**	**(132)**	**$ 1,589**
December 31, 2020							
Trading securities	$	36	$	2	$	—	$ 38
Available-for-sale securities		2,227		51		(13)	2,265
Total debt securities	$	2,263	$	53	$	(13)	$ 2,303

The carrying values of our debt securities were included in the following line items in our consolidated balance sheets (in millions):

	December 31, 2021				December 31, 2020			
		Trading Securities		**Available-for-Sale Securities**		Trading Securities		Available-for-Sale Securities
Marketable securities	**$**	**40**	**$**	**1,283**	$	38	$	1,980
Other noncurrent assets		**—**		**266**		—		285
Total debt securities	**$**	**40**	**$**	**1,549**	$	38	$	2,265

The contractual maturities of these available-for-sale debt securities as of December 31, 2021 were as follows (in millions):

	Cost	Estimated Fair Value
Within 1 year	$ 28	$ 28
After 1 year through 5 years	1,355	1,241
After 5 years through 10 years	88	98
After 10 years	177	182
Total	$ 1,648	$ 1,549

The Company expects that actual maturities may differ from the contractual maturities above because borrowers have the right to call or prepay certain obligations.

The sale and/or maturity of available-for-sale debt securities resulted in the following realized activity (in millions):

Year Ended December 31,	**2021**	2020	2019
Gross gains	**$ 6**	$ 20	$ 39
Gross losses	**(10)**	(13)	(8)
Proceeds	**1,197**	1,559	3,956

Captive Insurance Companies

In accordance with local insurance regulations, our consolidated captive insurance companies are required to meet and maintain minimum solvency capital requirements. The Company elected to invest a majority of its solvency capital in a portfolio of marketable equity and debt securities. These securities are included in the disclosures above. The Company uses one of our consolidated captive insurance companies to reinsure group annuity insurance contracts that cover the obligations of certain of our European and Canadian pension plans. This captive's solvency capital funds included total equity and debt securities of $1,670 million and $1,389 million as of December 31, 2021 and 2020, respectively, which were classified in the line item other noncurrent assets in our consolidated balance sheets because the assets are not available to satisfy our current obligations.

NOTE 5: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, our Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative and non-derivative financial instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts, commodity futures contracts, option contracts, collars and swaps. Forward contracts and commodity futures contracts are agreements to buy or sell a quantity of a currency or commodity at a predetermined future date and at a predetermined rate or price. An option contract is an agreement that conveys the purchaser the right, but not the obligation, to buy or sell a quantity of a currency or commodity at a predetermined rate or price during a period or at a time in the future. A collar is a strategy that uses a combination of options to limit the range of possible positive or negative returns on an underlying asset or liability to a specific range, or to protect expected future cash flows. To do this, an investor simultaneously buys a put option and sells (writes) a call option, or alternatively buys a call option and sells (writes) a put option. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. We do not enter into derivative financial instruments for trading purposes. The Company may also designate certain non-derivative instruments, such as our foreign currency denominated third-party debt, in hedging relationships.

All derivative instruments are carried at fair value in our consolidated balance sheet, primarily in the following line items, as applicable: prepaid expenses and other current assets; other noncurrent assets; accounts payable and accrued expenses; and other noncurrent liabilities. The carrying values of the derivatives reflect the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. These master netting agreements allow the Company to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the type of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statement of income as the changes in the fair values of the hedged items attributable to the risk being hedged. The changes in the fair values of derivatives that have been designated and qualify as cash flow hedges or hedges of net investments in foreign operations are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the values of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in the fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized in earnings.

For derivatives that will be accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, the Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures.

The Company determines the fair values of its derivatives based on quoted market prices or pricing models using current market rates. Refer to Note 16. The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates, commodity rates or other financial indices. The Company does not view the fair values of its derivatives in isolation but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

We adopted ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, effective January 1, 2019 using the modified retrospective method. For highly effective cash flow hedges, this ASU requires the entire change in fair value of the hedging instrument included in the assessment of hedge effectiveness to be recorded in other comprehensive income ("OCI"). No components of the Company's hedging instruments were excluded from the assessment of hedge effectiveness. To reflect the adoption of the new hedging standard on our cash flow hedging relationships at January 1, 2019, we recorded a $6 million increase, net of taxes, to the opening balance of reinvested earnings and a corresponding decrease to AOCI. For fair value hedges of interest rate risk, this ASU allows entities to elect to use the benchmark interest rate component of the contractual coupon cash flows to calculate the change in fair value of the hedged item attributable to changes in the benchmark interest rate. As a result of applying the new hedging standard to our fair value hedges on January 1, 2019, we recorded a $24 million increase to our hedged long-term debt balances, with a corresponding decrease to the opening balance of reinvested earnings of $18 million, net of taxes.

The following table presents the fair values of the Company's derivative instruments that were designated and qualified as part of a hedging relationship (in millions):

		Fair Value[1,2]	
Derivatives Designated as Hedging Instruments	Balance Sheet Location[1]	**December 31, 2021**	December 31, 2020
Assets:			
Foreign currency contracts	Prepaid expenses and other current assets	**$ 151**	$ 26
Foreign currency contracts	Other noncurrent assets	**27**	74
Commodity contracts	Prepaid expenses and other current assets	**—**	2
Interest rate contracts	Prepaid expenses and other current assets	**1**	—
Interest rate contracts	Other noncurrent assets	**282**	659
Total assets		**$ 461**	$ 761
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 15**	$ 29
Foreign currency contracts	Other noncurrent liabilities	**17**	—
Interest rate contracts	Accounts payable and accrued expenses	**—**	5
Interest rate contracts	Other noncurrent liabilities	**14**	—
Total liabilities		**$ 46**	$ 34

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 16 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 16 for additional information related to the estimated fair value.

The following table presents the fair values of the Company's derivative instruments that were not designated as hedging instruments (in millions):

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2] December 31, 2021	December 31, 2020
Assets:			
Foreign currency contracts	Prepaid expenses and other current assets	**$ 53**	$ 28
Foreign currency contracts	Other noncurrent assets	**—**	1
Commodity contracts	Prepaid expenses and other current assets	**131**	76
Commodity contracts	Other noncurrent assets	**3**	9
Other derivative instruments	Prepaid expenses and other current assets	**9**	20
Other derivative instruments	Other noncurrent assets	**—**	3
Total assets		**$ 196**	$ 137
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 34**	$ 41
Foreign currency contracts	Other noncurrent liabilities	**9**	—
Commodity contracts	Accounts payable and accrued expenses	**6**	15
Commodity contracts	Other noncurrent liabilities	**1**	1
Total liabilities		**$ 50**	$ 57

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 16 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 16 for additional information related to the estimated fair value.

Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral for substantially all of our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. In addition, the Company's master netting agreements reduce credit risk by permitting the Company to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, commodity prices or interest rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is typically three years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement activities will be adversely affected by fluctuations in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens against the foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by

gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of the derivative instruments. The total notional values of derivatives that were designated and qualified for the Company's foreign currency cash flow hedging program were $7,399 million and $7,785 million as of December 31, 2021 and 2020, respectively.

The Company uses cross-currency swaps to hedge the changes in cash flows of certain of its foreign currency denominated debt and other monetary assets or liabilities due to changes in foreign currency exchange rates. For this hedging program, the Company recognizes in earnings each period the changes in carrying values of these foreign currency denominated assets and liabilities due to fluctuations in exchange rates. The changes in fair values of the cross-currency swap derivatives are recorded in AOCI with an immediate reclassification into earnings for the changes in fair values attributable to fluctuations in foreign currency exchange rates. The total notional values of derivatives that were designated as cash flow hedges for the Company's foreign currency denominated assets and liabilities were $1,994 million and $2,700 million as of December 31, 2021 and 2020, respectively.

The Company has entered into commodity futures contracts and other derivative instruments on various commodities to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments were designated as part of the Company's commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional values of derivatives that were designated and qualified for this program were $10 million and $11 million as of December 31, 2021 and 2020, respectively.

Our Company monitors our mix of short-term debt and long-term debt regularly. From time to time, we manage our risk to interest rate fluctuations through the use of derivative financial instruments. The Company has entered into interest rate swap agreements and has designated these instruments as part of the Company's interest rate cash flow hedging program. The objective of this hedging program is to mitigate the risk of adverse changes in benchmark interest rates on the Company's future interest payments. The total notional value of these interest rate swap agreements that were designated and qualified for the Company's interest rate cash flow hedging program was $1,233 million as of December 31, 2020. As of December 31, 2021, we did not have any interest rate swaps designated as a cash flow hedge.

The following table presents the pretax impact that changes in the fair values of derivatives designated as cash flow hedges had on OCI, AOCI and earnings (in millions):

	Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income	Gain (Loss) Reclassified from AOCI into Income
2021			
Foreign currency contracts	**$ 36**	Net operating revenues	**$ (77)**
Foreign currency contracts	**(2)**	Cost of goods sold	**(10)**
Foreign currency contracts	**—**	Interest expense	**(13)**
Foreign currency contracts	**19**	Other income (loss) — net	**74**
Interest rate contracts	**110**	Interest expense	**(90)**
Commodity contracts	**(1)**	Cost of goods sold	**—**
Total	**$ 162**		**$ (116)**
2020			
Foreign currency contracts	$ (93)	Net operating revenues	$ (73)
Foreign currency contracts	4	Cost of goods sold	9
Foreign currency contracts	—	Interest expense	(16)
Foreign currency contracts	37	Other income (loss) — net	60
Interest rate contracts	15	Interest expense	(54)
Commodity contracts	2	Cost of goods sold	—
Total	$ (35)		$ (74)
2019			
Foreign currency contracts	$ (58)	Net operating revenues	$ (3)
Foreign currency contracts	1	Cost of goods sold	11
Foreign currency contracts	—	Interest expense	(9)
Foreign currency contracts	(97)	Other income (loss) — net	(119)
Interest rate contracts	(47)	Interest expense	(42)
Commodity contracts	1	Cost of goods sold	—
Total	$ (200)		$ (162)

As of December 31, 2021, the Company estimates that it will reclassify into earnings during the next 12 months net gains of $36 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

Fair Value Hedging Strategy

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. The Company also uses cross-currency interest rate swaps to hedge the changes in the fair value of foreign currency denominated debt relating to fluctuations in foreign currency exchange rates and benchmark interest rates. The changes in fair values of derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured or has been extinguished. The total notional values of derivatives that were designated and qualified as fair value hedges of this type were $12,113 million and $10,215 million as of December 31, 2021 and 2020, respectively.

The following table summarizes the pretax impact that changes in the fair values of derivatives designated as fair value hedges had on earnings (in millions):

Hedging Instruments and Hedged Items	Location of Gain (Loss) Recognized in Income		Gain (Loss) Recognized in Income
2021			
Interest rate contracts	Interest expense	**$**	**(67)**
Fixed-rate debt	Interest expense		**66**
Net impact to interest expense		**$**	**(1)**
Net impact of fair value hedging instruments		**$**	**(1)**
2020			
Interest rate contracts	Interest expense	$	275
Fixed-rate debt	Interest expense		(274)
Net impact to interest expense		$	1
Foreign currency contracts	Other income (loss) — net	$	(4)
Available-for-sale securities	Other income (loss) — net		5
Net impact to other income (loss) — net		$	1
Net impact of fair value hedging instruments		$	2
2019			
Interest rate contracts	Interest expense	$	368
Fixed-rate debt	Interest expense		(369)
Net impact to interest expense		$	(1)
Net impact of fair value hedging instruments		$	(1)

The following table summarizes the amounts recorded in our consolidated balance sheets related to hedged items in fair value hedging relationships (in millions):

			Cumulative Amount of Fair Value Hedging Adjustments[1]			
	Carrying Values of Hedged Items		Included in the Carrying Values of Hedged Items		Remaining for Which Hedge Accounting Has Been Discontinued	
Balance Sheet Location of Hedged Items	**December 31, 2021**	December 31, 2020	**December 31, 2021**	December 31, 2020	**December 31, 2021**	December 31, 2020
Current maturities of long-term debt	**$ 200**	$ —	**$ 1**	$ —	**$ —**	$ —
Long-term debt	**12,353**	11,129	**255**	646	**228**	—

[1] Cumulative amount of fair value hedging adjustments does not include changes due to foreign currency exchange rate fluctuations.

Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts and a portion of its foreign currency denominated debt, a non-derivative financial instrument, to protect the value of our net investments in a number of foreign operations. For derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in the fair values of the derivative financial instruments are recognized in net foreign currency translation adjustments, a component of AOCI, to offset the changes in the values of the net investments being hedged. For non-derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in the carrying values of the designated portions of the non-derivative financial instruments due to fluctuations in foreign currency exchange rates are recorded in net foreign currency translation adjustments. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change.

The following table summarizes the notional values and pretax impact of changes in the fair values of instruments designated as net investment hedges (in millions):

	Notional Amount		Gain (Loss) Recognized in OCI		
	as of December 31,		Year Ended December 31,		
	2021	2020	**2021**	2020	2019
Foreign currency contracts	**$ 40**	$ 451	**$ (10)**	$ (5)	$ 51
Foreign currency denominated debt	**12,812**	13,336	**928**	(1,089)	144
Total	**$ 12,852**	$ 13,787	**$ 918**	$ (1,094)	$ 195

The Company reclassified a loss of $4 million related to net investment hedges from AOCI into earnings during the year ended December 31, 2021. The Company did not reclassify any gains or losses related to net investment hedges from AOCI into earnings during the years ended December 31, 2020 and 2019. In addition, the Company did not have any ineffectiveness related to net investment hedges during the years ended December 31, 2021, 2020 and 2019. The cash inflows and outflows associated with the Company's derivative contracts designated as net investment hedges are classified in the line item other investing activities in our consolidated statement of cash flows.

Economic (Non-Designated) Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges of foreign currency, interest rate and commodity exposure. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in the fair values of economic hedges are immediately recognized in earnings.

The Company uses foreign currency economic hedges to offset the earnings impact that fluctuations in foreign currency exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. The changes in the fair values of economic hedges used to offset those monetary assets and liabilities are immediately recognized in earnings in the line item other income (loss) — net in our consolidated statement of income. In addition, we use foreign currency economic hedges to minimize the variability in cash flows associated with fluctuations in foreign currency exchange rates, including those related to certain acquisition and divestiture activities. The changes in the fair values of economic hedges used to offset the variability in U.S. dollar net cash flows are immediately recognized in earnings in the line items net operating revenues, cost of goods sold or other income (loss) — net in our consolidated statement of income, as applicable. The total notional values of derivatives related to our foreign currency economic hedges were $4,258 million and $5,727 million as of December 31, 2021 and 2020, respectively.

The Company uses interest rate contracts as economic hedges to minimize exposure to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. The total notional value of derivatives related to our economic hedges of this type was $200 million as of both December 31, 2021 and 2020.

The Company also uses certain derivatives as economic hedges to mitigate the price risk associated with the purchase of materials used in the manufacturing process and vehicle fuel. The changes in the fair values of these economic hedges are immediately recognized in earnings in the line items net operating revenues, cost of goods sold, or selling, general and administrative expenses in our consolidated statement of income, as applicable. The total notional values

of derivatives related to our economic hedges of this type were $908 million and $715 million as of December 31, 2021 and 2020, respectively.

The following table presents the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings (in millions):

		Gain (Loss) Recognized in Income		
		Year Ended December 31,		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income	**2021**	2020	2019
Foreign currency contracts	Net operating revenues	**$ 6**	$ 58	$ (4)
Foreign currency contracts	Cost of goods sold	**(10)**	6	1
Foreign currency contracts	Other income (loss) — net	**(84)**	(13)	(66)
Commodity contracts	Cost of goods sold	**171**	54	(23)
Interest rate contracts	Interest expense	**(187)**	6	—
Other derivative instruments	Selling, general and administrative expenses	**34**	21	47
Other derivative instruments	Other income (loss) — net	**(3)**	(55)	48
Total		**$ (73)**	$ 77	$ 3

NOTE 6: EQUITY METHOD INVESTMENTS

Our consolidated net income includes our Company's proportionate share of the net income or loss of our equity method investees. When we record our proportionate share of net income, it increases equity income (loss) — net in our consolidated statement of income and our carrying value of that investment. Conversely, when we record our proportionate share of a net loss, it decreases equity income (loss) — net in our consolidated statement of income and our carrying value of that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investees. These items can have a significant impact on the amount of equity income (loss) — net in our consolidated statement of income and our carrying value of those investments. Refer to Note 17 for additional information related to significant operating and nonoperating items recorded by our equity method investees. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the equity method investees' AOCI.

We eliminate from our financial results all significant intercompany transactions to the extent of our ownership interest, including the intercompany portion of transactions with equity method investees.

The Company's equity method investments include, but are not limited to, our ownership interests in CCEP, Monster, AC Bebidas, S. de R.L. de C.V., Coca-Cola FEMSA, S.A.B. de C.V., Coca-Cola HBC AG and Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI"). As of December 31, 2021, we owned approximately 19 percent, 19 percent, 20 percent, 28 percent, 21 percent and 19 percent, respectively, of these companies' outstanding shares. As of December 31, 2021, our investments in our equity method investees in the aggregate exceeded our proportionate share of the net assets of these equity method investees by $7,298 million. This difference is not amortized.

A summary of financial information for our equity method investees in the aggregate is as follows (in millions):

Year Ended December 31,[1]	**2021**	2020	2019
Net operating revenues	**$ 79,934**	$ 69,384	$ 75,980
Cost of goods sold	**47,847**	41,139	44,881
Gross profit	**$ 32,087**	$ 28,245	$ 31,099
Operating income	**$ 9,089**	$ 7,056	$ 7,748
Consolidated net income	**$ 6,050**	$ 4,176	$ 4,597
Less: Net income attributable to noncontrolling interests	**91**	54	63
Net income attributable to common shareowners	**$ 5,959**	$ 4,122	$ 4,534
Company equity income (loss) — net	**$ 1,438**	$ 978	$ 1,049

[1] The financial information represents the results of the equity method investees during the Company's period of ownership.

December 31,		**2021**		2020
Current assets	**$**	**30,992**	$	29,431
Noncurrent assets		**72,064**		67,900
Total assets	**$**	**103,056**	$	97,331
Current liabilities	**$**	**21,362**	$	20,033
Noncurrent liabilities		**37,353**		33,613
Total liabilities	**$**	**58,715**	$	53,646
Equity attributable to shareowners of investees	**$**	**43,422**	$	42,622
Equity attributable to noncontrolling interests		**919**		1,063
Total equity	**$**	**44,341**	$	43,685
Company equity method investments	**$**	**17,598**	$	19,273

Net sales to equity method investees, the majority of which are located outside the United States, were $14,471 million, $13,041 million and $14,832 million in 2021, 2020 and 2019, respectively. Total payments, primarily related to marketing, made to equity method investees were $516 million, $547 million and $897 million in 2021, 2020 and 2019, respectively. The increase in net sales to equity method investees in 2021 was primarily due to recovery from the COVID-19 pandemic. In addition, purchases of beverage products from equity method investees were $496 million, $452 million and $426 million in 2021, 2020 and 2019, respectively. The increase in purchases of beverage products in 2021 was primarily due to increased purchases of Monster products as a result of international expansion and category growth.

The following table presents the difference between calculated fair value, based on quoted closing prices of publicly traded shares, and our Company's carrying value in investments in publicly traded companies accounted for under the equity method (in millions):

December 31, 2021		Fair Value		Carrying Value		**Difference**
Monster Beverage Corporation	$	9,808	$	4,323	**$**	**5,485**
Coca-Cola Europacific Partners plc		4,919		3,578		**1,341**
Coca-Cola FEMSA, S.A.B. de C.V.		3,182		1,568		**1,614**
Coca-Cola HBC AG		2,705		1,115		**1,590**
Coca-Cola Consolidated, Inc.		1,537		224		**1,313**
Coca-Cola Bottlers Japan Holdings Inc.[1]		387		474		**(87)**
Coca-Cola İçecek A.Ş.		340		123		**217**
Embotelladora Andina S.A.		130		98		**32**
Total	$	23,008	$	11,503	**$**	**11,505**

[1] The carrying value of our investment in CCBJHI exceeded its fair value as of December 31, 2021 by $87 million. Based on the length of time and the extent to which the fair value has been less than our carrying value and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge related to the investment.

Net Receivables and Dividends from Equity Method Investees

Total net receivables due from equity method investees were $882 million and $1,025 million as of December 31, 2021 and 2020, respectively. The total amount of dividends received from equity method investees was $823 million, $467 million and $628 million for the years ended December 31, 2021, 2020 and 2019, respectively. The amount of consolidated reinvested earnings that represents undistributed earnings of investments accounted for under the equity method as of December 31, 2021 was $6,143 million.

NOTE 7: INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table presents the carrying values of indefinite-lived intangible assets included in our consolidated balance sheets (in millions):

December 31,		**2021**		2020
Trademarks[1]	**$**	**14,465**	$	10,395
Goodwill		**19,363**		17,506
Other		**211**		225
Indefinite-lived intangible assets	**$**	**34,039**	$	28,126

[1] For information related to the Company's acquisitions, refer to Note 2.

The following table provides information related to the carrying value of our goodwill by operating segment (in millions):

		Europe, Middle East & Africa		Latin America		North America		Asia Pacific		Global Ventures		Bottling Investments		Total
2020														
Balance at beginning of year	$	1,294	$	170	$	7,943	$	170	$	2,806	$	4,381	$	16,764
Effect of foreign currency translation		40		(6)		—		7		84		(216)		(91)
Acquisitions[1]		—		—		775		—		—		—		775
Purchase accounting adjustments[1,2]		(26)		—		74		24		2		(2)		72
Impairments		—		—		—		—		—		(14)		(14)
Balance at end of year	$	1,308	$	164	$	8,792	$	201	$	2,892	$	4,149	$	17,506
2021														
Balance at beginning of year	**$**	**1,308**	**$**	**164**	**$**	**8,792**	**$**	**201**	**$**	**2,892**	**$**	**4,149**	**$**	**17,506**
Effect of foreign currency translation		**(83)**		**(8)**		**—**		**(6)**		**46**		**(285)**		**(336)**
Acquisitions[1]		**55**		**44**		**1,886**		**227**		**45**		**—**		**2,257**
Impairments		**—**		**—**		**—**		**—**		**—**		**(7)**		**(7)**
Divestitures, deconsolidations and other[3]		**—**		**—**		**(13)**		**—**		**(7)**		**(37)**		**(57)**
Balance at end of year	**$**	**1,280**	**$**	**200**	**$**	**10,665**	**$**	**422**	**$**	**2,976**	**$**	**3,820**	**$**	**19,363**

[1] For information related to the Company's acquisitions, refer to Note 2.

[2] Includes the allocation of goodwill from the Europe, Middle East and Africa segment to other reporting units expected to benefit from the CHI acquisition as well as purchase accounting adjustments related to fairlife. Refer to Note 2.

[3] The decrease in the Bottling Investments segment was a result of certain bottling operations in Asia Pacific being classified as held for sale. Refer to Note 2.

Definite-Lived Intangible Assets

The following table provides information related to definite-lived intangible assets (in millions):

	December 31, 2021			December 31, 2020		
	Gross Carrying Value	**Accumulated Amortization**	**Net Carrying Value**	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	**$ 336** [1]	**$ (86)**	**$ 250**	$ 195	$ (61)	$ 134
Trademarks	**189**	**(87)**	**102**	245	(77)	168
Other	**273** [2]	**(51)**	**222**	332	(210)	122
Total	**$ 798**	**$ (224)**	**$ 574**	$ 772	$ (348)	$ 424

[1] Includes $150 million related to the BodyArmor acquisition. Refer to Note 2.

[2] Includes $102 million for BodyArmor noncompete agreements. Refer to Note 2.

Total amortization expense for intangible assets subject to amortization was $165 million, $203 million and $120 million in 2021, 2020 and 2019, respectively. The increase in amortization expense in 2020 was due to the recognition of a full year of intangible amortization related to CCBA versus seven months in 2019.

Based on the carrying value of definite-lived intangible assets as of December 31, 2021, we estimate our amortization expense for the next five years will be as follows (in millions):

	Amortization Expense
2022	$ 106
2023	81
2024	66
2025	59
2026	47

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in millions):

December 31,	2021	2020
Accounts payable	**$ 4,602**	$ 3,517
Accrued marketing expenses	**2,830**	1,930
Variable consideration payable	**1,118**	1,137
Accrued compensation	**1,051**	609
Other accrued expenses	**5,018**	3,952
Accounts payable and accrued expenses	**$ 14,619**	$ 11,145

NOTE 9: LEASES

We have operating leases primarily for real estate, aircraft, vehicles, and manufacturing and other equipment.

Balance sheet information related to operating leases is as follows (in millions):

December 31,	2021	2020
Operating lease ROU assets[1]	**$ 1,418**	$ 1,548
Current portion of operating lease liabilities[2]	**$ 310**	$ 322
Noncurrent portion of operating lease liabilities[3]	**1,161**	1,300
Total operating lease liabilities	**$ 1,471**	$ 1,622

[1] Operating lease ROU assets are included in the line item other noncurrent assets in our consolidated balance sheets.

[2] The current portion of operating lease liabilities is included in the line item accounts payable and accrued expenses in our consolidated balance sheets.

[3] The noncurrent portion of operating lease liabilities is included in the line item other noncurrent liabilities in our consolidated balance sheets.

We had operating lease costs of $342 million and $353 million for the years ended December 31, 2021 and 2020, respectively. During 2021 and 2020, cash paid for amounts included in the measurement of operating lease liabilities was $352 million and $365 million, respectively. Operating lease ROU assets obtained in exchange for operating lease obligations were $194 million and $528 million for the years ended December 31, 2021 and 2020, respectively.

Information associated with the measurement of our operating lease obligations as of December 31, 2021 is as follows:

Weighted-average remaining lease term	8 years
Weighted-average discount rate	2.7 %

Our leases have remaining lease terms of 1 year to 43 years, inclusive of renewal or termination options that we are reasonably certain to exercise.

The following table summarizes the maturities of our operating lease liabilities as of December 31, 2021 (in millions):

	Maturities of Operating Lease Liabilities
2022	$ 324
2023	284
2024	231
2025	190
2026	142
Thereafter	476
Total operating lease payments	1,647
Less: Imputed interest	176
Total operating lease liabilities	$ 1,471

NOTE 10: DEBT AND BORROWING ARRANGEMENTS

Short-Term Borrowings

Loans and notes payable consist primarily of commercial paper issued in the United States. As of December 31, 2021 and 2020, we had $2,462 million and $1,329 million, respectively, in outstanding commercial paper borrowings. Our weighted-average interest rates for commercial paper outstanding were approximately 0.1 percent and 1.3 percent as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company also had $845 million and $854 million, respectively, in lines of credit, short-term credit facilities and other short-term borrowings that were related to our international operations.

In addition, we had $9,972 million in unused lines of credit and other short-term credit facilities as of December 31, 2021, of which $8,060 million was in corporate backup lines of credit for general purposes. These backup lines of credit expire at various times from 2022 through 2027. There were no borrowings under these corporate backup lines of credit during 2021. These credit facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which is presently significant to our Company.

Long-Term Debt

During 2021, the Company issued fixed interest rate U.S. dollar- and euro-denominated notes of $5,950 million and €3,150 million, respectively, with maturity dates ranging from 2028 to 2051 and interest rates ranging from 0.125 percent to 3.000 percent. The carrying value of these notes as of December 31, 2021 was $9,410 million.

During 2021, the Company retired upon maturity variable interest rate euro-denominated notes of €371 million with an interest rate equal to the three-month Euro Interbank Offered Rate ("EURIBOR") plus 0.200 percent.

During 2021, the Company also extinguished prior to maturity fixed interest rate U.S. dollar- and euro-denominated notes of $6,500 million and €2,430 million, respectively, with maturity dates ranging from 2023 to 2026 and interest rates ranging from 0.750 percent to 3.200 percent. These extinguishments resulted in associated charges of $559 million recorded in the line item interest expense in our consolidated statement of income. These charges included the difference between the reacquisition price and the net carrying value of the notes extinguished, including the impact of the related fair value hedging relationships. We also incurred charges of $91 million as a result of the reclassification of related cash flow hedging balances from AOCI into income.

During 2020, the Company issued fixed interest rate U.S. dollar- and euro-denominated notes of $15,600 million and €2,600 million, respectively, with maturity dates ranging from 2025 to 2060 and interest rates ranging from 0.125 percent to 4.200 percent. The carrying value of these notes as of December 31, 2020 was $17,616 million.

During 2020, the Company retired upon maturity fixed interest rate Australian dollar- and U.S. dollar-denominated notes of AUD450 million and $3,750 million, respectively, with interest rates ranging from 1.875 percent to 3.150 percent. Additionally, the Company retired upon maturity U.S. dollar zero coupon notes of $171 million.

During 2020, the Company also extinguished prior to maturity fixed interest rate U.S. dollar- and euro-denominated notes of $3,815 million and €2,300 million, respectively, with maturity dates ranging from 2021 to 2050 and interest rates ranging from

0.000 percent to 4.200 percent. Additionally, the Company extinguished prior to maturity variable interest rate euro-denominated notes of €379 million with a maturity date in 2021 and an interest rate equal to the three-month EURIBOR plus 0.200 percent. These extinguishments resulted in associated charges of $459 million recorded in the line item interest expense in our consolidated statement of income. These charges included the difference between the reacquisition price and the net carrying value of the notes extinguished, including the impact of the related fair value hedging relationships. We also incurred charges of $25 million as a result of the reclassification of related cash flow hedging balances from AOCI into income.

During 2019, the Company issued fixed interest rate euro- and U.S. dollar-denominated notes of €2,750 million and $2,000 million, respectively, with maturity dates ranging from 2022 to 2031 and interest rates ranging from 0.125 percent to 2.125 percent. Additionally, the Company issued variable interest rate euro-denominated notes of €750 million maturing in 2021 with an interest rate equal to the three-month EURIBOR plus 0.200 percent. The carrying value of these notes as of December 31, 2019 was $5,891 million.

During 2019, the Company retired upon maturity variable interest rate euro-denominated notes of €3,500 million with interest rates equal to the three-month EURIBOR plus 0.230 percent and the three-month EURIBOR plus 0.250 percent. Additionally, the Company retired upon maturity fixed interest rate U.S. dollar-denominated notes of $1,000 million with an interest rate of 1.375 percent.

The Company's long-term debt consisted of the following (in millions except average rate data):

	December 31, 2021		December 31, 2020	
	Amount	**Average Rate[1]**	Amount	Average Rate[1]
Fixed interest rate long-term debt:				
U.S. dollar notes due 2023-2093	**$ 21,953**	**2.2 %**	$ 22,550	2.0 %
U.S. dollar debentures due 2022-2098	**1,316**	**5.2**	1,342	5.1
Australian dollar notes due 2024	**398**	**2.5**	400	2.5
Euro notes due 2023-2041	**13,249**	**0.4**	13,369	0.3
Swiss franc notes due 2022-2028	**1,234**	**2.3**	1,236	2.7
Variable interest rate long-term debt:				
Euro notes due 2021	**—**	**—**	452	0.0
Other, due through 2098[2]	**821**	**6.0**	615	5.2
Fair value adjustments[3]	**483**	**N/A**	646	N/A
Total[4,5]	**39,454**	**1.7 %**	40,610	1.6 %
Less: Current portion	**1,338**		485	
Long-term debt	**$ 38,116**		$ 40,125	

[1] Rates represent the weighted-average effective interest rate on the balances outstanding as of year end, as adjusted for the effects of interest rate swap agreements, cross-currency swap agreements and fair value adjustments, if applicable. Refer to Note 5 for a more detailed discussion on interest rate management.

[2] As of December 31, 2021, the amount shown includes $690 million of debt instruments and finance leases that are due through 2046.

[3] Amounts represent the changes in fair values due to changes in benchmark interest rates. Refer to Note 5 for additional information about our fair value hedging strategy.

[4] As of December 31, 2021 and 2020, the fair value of our long-term debt, including the current portion, was $40,311 million and $43,218 million, respectively.

[5] The above notes and debentures include various restrictions, none of which is presently significant to our Company.

Total interest paid was $738 million, $935 million and $921 million in 2021, 2020 and 2019, respectively.

The following table summarizes the maturities of long-term debt for the five years succeeding December 31, 2021 (in millions):

	Maturities of Long-Term Debt
2022	$ 1,338
2023	177
2024	2,023
2025	18
2026	1,733

NOTE 11: COMMITMENTS AND CONTINGENCIES

Guarantees

As of December 31, 2021, we were contingently liable for guarantees of indebtedness owed by third parties of $440 million, of which $93 million was related to VIEs. Refer to Note 1 for additional information related to the Company's maximum exposure to loss due to our involvement with VIEs. Our guarantees are primarily related to third-party customers, bottlers and vendors and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees. However, management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable.

We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Legal Contingencies

The Company is involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings (excluding tax audit claims) will not have a material adverse effect on the Company taken as a whole.

Indemnifications

At the time we acquire or divest an ownership interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. 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 Company taken as a whole.

Tax Audits

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities, such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the quarter in which the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Refer to Note 14.

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the U.S. Internal Revenue Service ("IRS") seeking approximately $3.3 billion of additional federal income tax for years 2007 through 2009. In the Notice, the IRS stated its intent to reallocate over $9 billion of income to the U.S. parent company from certain of its foreign affiliates that the U.S. parent company licensed to manufacture, distribute, sell, market and promote its products in certain non-U.S. markets.

The Notice concerned the Company's transfer pricing between its U.S. parent company and certain of its foreign affiliates. IRS rules governing transfer pricing require arm's-length pricing of transactions between related parties such as the Company's U.S. parent and its foreign affiliates.

To resolve the same transfer pricing issue for the tax years 1987 through 1995, the Company and the IRS had agreed in 1996 on an arm's-length methodology for determining the amount of U.S. taxable income that the U.S. parent company would report as compensation from its foreign licensees. The Company and the IRS memorialized this accord in a closing agreement resolving that dispute ("Closing Agreement"). The Closing Agreement provided that, absent a change in material facts or circumstances or relevant federal tax law, in calculating the Company's income taxes going forward, the Company would not be assessed

penalties by the IRS for using the agreed-upon tax calculation methodology that the Company and the IRS agreed would be used for the 1987 through 1995 tax years.

The IRS audited and confirmed the Company's compliance with the agreed-upon Closing Agreement methodology in five successive audit cycles for tax years 1996 through 2006.

The September 17, 2015 Notice from the IRS retroactively rejected the previously agreed-upon methodology for the 2007 through 2009 tax years in favor of an entirely different methodology, without prior notice to the Company. Using the new tax calculation methodology, the IRS reallocated over $9 billion of income to the U.S. parent company from its foreign licensees for tax years 2007 through 2009. Consistent with the Closing Agreement, the IRS did not assert penalties, and it has yet to do so.

The IRS designated the Company's matter for litigation on October 15, 2015. Litigation designation is an IRS determination that forecloses to a company any and all alternative means for resolution of a tax dispute. As a result of the IRS' designation of the Company's matter for litigation, the Company was forced to either accept the IRS' newly imposed tax assessment and pay the full amount of the asserted tax or litigate the matter in the federal courts. The matter remains subject to the IRS' litigation designation, preventing the Company from any attempt to settle or otherwise mutually resolve the matter with the IRS.

The Company consequently initiated litigation by filing a petition in the U.S. Tax Court ("Tax Court") in December 2015, challenging the tax adjustments enumerated in the Notice.

Prior to trial, the IRS increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million. The Company obtained a summary judgment in its favor on a different matter related to Mexican foreign tax credits, which thereafter effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The trial was held in the Tax Court from March through May 2018, and final post-trial briefs were filed and exchanged in April 2019.

On November 18, 2020, the Tax Court issued an opinion ("Opinion") in which it predominantly sided with the IRS but agreed with the Company that dividends previously paid by the foreign licensees to the U.S. parent company in reliance upon the Closing Agreement should continue to be allowed to offset royalties, including those that would become payable to the Company in accordance with the Opinion. The Tax Court reserved ruling on the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil until after the Tax Court issues its opinion in the separate case of 3M Co. & Subs. v. Commissioner, T.C. Docket No. 5816-13 (filed March 11, 2013). Once the Tax Court issues its opinion in 3M Co. & Subs. v. Commissioner, the Company expects the Tax Court thereafter to render another opinion, and ultimately a final decision, in the Company's case.

The Company believes that the IRS and the Tax Court misinterpreted and misapplied the applicable regulations in reallocating income earned by the Company's foreign licensees to increase the Company's U.S. tax. Moreover, the Company believes that the retroactive imposition of such tax liability using a calculation methodology different from that previously agreed upon by the IRS and the Company, and audited by the IRS for over a decade, is unconstitutional. The Company intends to assert its claims on appeal and vigorously defend its position.

In determining the amount of tax reserve to be recorded as of December 31, 2020, the Company completed the required two-step evaluation process prescribed by Accounting Standards Codification 740, *Accounting for Income Taxes*. In doing so, we consulted with outside advisors and we reviewed and considered relevant laws, rules, and regulations, including, but not limited to, the Opinion and relevant caselaw. We also considered our intention to vigorously defend our positions and assert our various well-founded legal claims via every available avenue of appeal. We concluded, based on the technical and legal merits of the Company's tax positions, that it is more likely than not the Company's tax positions will ultimately be sustained on appeal. In addition, we considered a number of alternative transfer pricing methodologies, including the methodology asserted by the IRS and affirmed in the Opinion ("Tax Court Methodology"), that could be applied by the courts upon final resolution of the litigation. Based on the required probability analysis, we determined the methodologies we believe the federal courts could ultimately order to be used in calculating the Company's tax. As a result of this analysis, we recorded a tax reserve of $438 million during the year ended December 31, 2020 related to the application of the resulting methodologies as well as the different tax treatment applicable to dividends originally paid to the U.S. parent company by its foreign licensees, in reliance upon the Closing Agreement, that would be recharacterized as royalties in accordance with the Opinion and the Company's analysis.

The Company's conclusion that it is more likely than not the Company's tax positions will ultimately be sustained on appeal is unchanged as of December 31, 2021. However, we updated our calculation of the methodologies we believe the federal courts could ultimately order to be used in calculating the Company's tax. As a result of the application of the required probability

analysis to these updated calculations and the accrual of interest through the current reporting period, we updated our tax reserve as of December 31, 2021 to $400 million.

While the Company strongly disagrees with the IRS' positions and the portions of the Opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In that event, the Company would likely be subject to significant additional liabilities for tax years 2007 through 2009, and potentially also for subsequent years, which could have a material adverse impact on the Company's financial position, results of operations, and cash flows.

The Company calculated the potential impact of applying the Tax Court Methodology to reallocate income from foreign licensees potentially covered within the scope of the Opinion, assuming such methodology were to be ultimately upheld by the courts, and the IRS were to decide to apply that methodology to subsequent years, with consent of the federal courts. This impact would include taxes and interest accrued through December 31, 2021 for the 2007 through 2009 litigated tax years and for subsequent tax years from 2010 through 2021. The calculations incorporated the estimated impact of correlative adjustments to the previously accrued transition tax payable under the 2017 Tax Cuts and Jobs Act. The Company estimates that the potential aggregate incremental tax and interest liability could be approximately $13 billion as of December 31, 2021. Additional income tax and interest would continue to accrue until the time any such potential liability, or portion thereof, were to be paid. We currently project the continued application of the Tax Court Methodology in future years, assuming similar facts and circumstances as of December 31, 2021, would result in an incremental annual tax liability that would increase the Company's effective tax rate by approximately 3.5 percent.

The Company does not know when the Tax Court will issue its opinion regarding the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil for the 2007 through 2009 tax years. After the Tax Court issues its opinion on the Company's Brazilian licensee, the Company and the IRS will be provided time to agree on the tax impact, if any, of both opinions, after which the Tax Court would render a final decision in the case. The Company will have 90 days thereafter to file a notice of appeal to the U.S. Court of Appeals for the Eleventh Circuit and pay the tax liability and interest related to the 2007 through 2009 tax years. The Company currently estimates that the payment to be made at that time related to the 2007 through 2009 tax years, which is included in the above estimate of the potential aggregate incremental tax and interest liability, would be approximately $4.9 billion (including interest accrued through December 31, 2021), plus any additional interest accrued through the time of payment. Some or all of this amount would be refunded if the Company were to prevail on appeal.

Risk Management Programs

The Company has numerous global insurance programs in place to help protect the Company from the risk of loss. In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claims history. Our self-insurance reserves totaled $229 million and $265 million as of December 31, 2021 and 2020, respectively.

NOTE 12: STOCK-BASED COMPENSATION PLANS

Our Company grants long-term equity awards under its stock-based compensation plans to certain employees of the Company. The Coca-Cola Company 2014 Equity Plan ("2014 Equity Plan") was approved by shareowners in April 2014. Under the 2014 Equity Plan, a maximum of 500 million shares of our common stock was approved to be issued through the grant of equity awards. The 2014 Equity Plan allows for grants of stock options, performance share units, restricted stock, restricted stock units and other specified award types, including cash awards with performance-based vesting criteria. As of December 31, 2021, there were approximately 329 million shares available to be granted under the 2014 Equity Plan. In addition, there were approximately 3 million shares available for stock option and restricted stock award grants under plans approved by shareowners prior to 2014.

From 2015 to 2017, certain employees who had previously been eligible for long-term equity awards received long-term performance-based cash awards. Employees who received these performance-based cash awards did not receive equity awards as part of the long-term incentive program. In 2017, the Company changed the long-term incentive program for employees previously eligible for the performance-based cash award. These employees no longer

participate in the long-term incentive program and were granted a final restricted stock unit award that vests ratably over five years.

Total stock-based compensation expense was $337 million, $141 million and $201 million in 2021, 2020 and 2019, respectively. In 2020, for certain employees who accepted voluntary separation from the Company as a result of our strategic realignment initiatives, the Company modified their outstanding equity awards granted prior to 2020 so that the employees

retained all or some of their awards, whereas otherwise the awards would have been forfeited. The incremental stock-based compensation expense in 2020 arising from the modifications was $15 million, which was recorded in the line item other operating charges in our consolidated statement of income. Refer to Note 18 for additional information on the Company's strategic realignment initiatives. The remainder of stock-based compensation expense in 2020 of $126 million and all stock-based compensation expense in 2021 and 2019 were recorded in the line item selling, general and administrative expenses in our consolidated statements of income. The total income tax benefit recognized in our consolidated statements of income related to total stock-based compensation expense was $60 million, $32 million and $43 million in 2021, 2020 and 2019, respectively.

As of December 31, 2021, we had $335 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans, which we expect to recognize over a weighted-average period of 1.9 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards.

Stock Option Awards

Stock option awards are generally granted with an exercise price equal to the average of the high and low market prices per share of the Company's stock on the date of grant. The fair value of each stock option award is estimated using a Black-Scholes-Merton option-pricing model and is expensed on a straight-line basis over the vesting period, which is generally four years.

The weighted-average fair value of stock options granted during the years ended December 31, 2021, 2020 and 2019 and the weighted-average assumptions used in the Black-Scholes-Merton option-pricing model for such grants were as follows:

Year Ended December 31,	**2021**	2020	2019
Fair value of stock options on grant date	**$ 5.08**	$ 6.44	$ 4.94
Dividend yield[1]	**3.3 %**	2.7 %	3.5 %
Expected volatility[2]	**18.0 %**	16.0 %	15.5 %
Risk-free interest rate[3]	**0.9 %**	1.4 %	2.6 %
Expected term of stock options[4]	**6 years**	6 years	6 years

[1] The dividend yield is the calculated yield on the closing market price per share of the Company's stock on the grant date.

[2] The expected volatility is based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors.

[3] The risk-free interest rate for the period matching the expected term of the stock options is based on the U.S. Treasury yield curve in effect on the grant date.

[4] The expected term of the stock options represents the period of time that options granted are expected to be outstanding and is derived by analyzing historical exercise behavior.

Stock option awards generally expire 10 years after the date of grant. The shares of common stock to be issued and/or sold upon the exercise of stock options are made available from either authorized and unissued common stock or from treasury shares. Since 2007, the Company has issued common stock under its stock-based compensation plans from treasury shares.

Stock option activity during the year ended December 31, 2021 was as follows:

	Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (In millions)
Outstanding on January 1, 2021	88	$ 40.55		
Granted	7	50.59		
Exercised	(19)	36.32		
Forfeited/expired	(1)	54.18		
Outstanding on December 31, 2021	75	$ 42.43	4.2 years	$ 1,264
Expected to vest	74	$ 42.32	4.1 years	$ 1,256
Exercisable on December 31, 2021	59	$ 40.08	3.1 years	$ 1,138

The total intrinsic value of the stock options exercised was $358 million, $453 million and $609 million in 2021, 2020 and 2019, respectively. The total number of stock options exercised was approximately 19 million, 23 million and 34 million in 2021, 2020 and 2019, respectively.

Performance-Based Share Unit Awards

Performance share unit awards require achievement of certain performance criteria, which are predefined by the Talent and Compensation Committee of the Board of Directors at the time of grant. For performance share unit awards granted from 2015 through 2017, the performance criteria were economic profit and net operating revenues over a predefined performance period of three years. Economic profit is our net operating profit after tax less the cost of the capital used in our business. Economic profit and net operating revenues are adjusted for certain items, which are approved by the Audit Committee of the Company's Board of Directors ("Audit Committee"). The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. These awards included a relative TSR modifier to determine the final number of performance share units earned. For these awards, the number of performance share units earned based on the certified achievement of the predefined performance criteria was reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies fell outside of a predefined range. The fair value of these performance share units was determined using a Monte Carlo valuation model. The performance share unit awards granted from 2015 through 2017 were subject to a one-year holding period after the performance period before the shares were released.

For performance share unit awards granted from 2018 through 2021, the performance criteria were equally weighted among net operating revenues, earnings per share and free cash flow over a predefined performance period of three years. For purposes of these performance criteria, earnings per share is diluted net income per share and free cash flow is net cash provided by operating activities less purchases of property, plant and equipment. Net operating revenues, earnings per share and free cash flow are adjusted for certain items, which are approved by the Audit Committee. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. Performance share unit awards granted to executives include a relative TSR modifier to determine the final number of performance share units earned. The fair value of performance share units that include a TSR modifier is determined using a Monte Carlo valuation model. For these awards, the number of performance share units earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies fell outside of a predefined range. The fair value of performance share units that do not include a TSR modifier is the closing market price per share of the Company's stock on the grant date less the present value of the expected dividends not received during the performance period. The performance share unit awards will generally vest at the end of the respective performance period.

During 2021, in addition to granting performance share unit awards with a three-year performance period, the Company granted emerging stronger performance share unit awards with a predefined performance period of two years. The award's performance criterion is earnings per share, and the award includes a relative TSR modifier. Earnings per share for these purposes is diluted net income per share adjusted for certain items, which are approved by the Audit Committee. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the performance criterion. The performance share unit awards will generally vest at the end of the two-year performance period.

For performance share unit awards, in the event the certified results equal the predefined performance criteria, the number of performance share units earned will be equal to the target award. In the event the certified results exceed the predefined performance criteria, additional performance share units up to the maximum award will be earned. In the event the certified results fall below the predefined performance criteria but are at or above the minimum threshold, a reduced number of performance share units will be earned. If the certified results fall below the minimum threshold, no performance share units will be earned. Performance share unit awards do not entitle participants to vote or receive dividends until the performance share units are settled in stock.

In the reporting period it becomes probable that the minimum performance threshold specified in the award will be achieved, we recognize compensation expense for the proportionate share of the total fair value of the performance share units related to the vesting period that has already lapsed for the performance share units expected to vest. The remaining fair value of the performance share units expected to vest is expensed on a straight-line basis over the remainder of the vesting period. In the event the Company determines it is no longer probable that the minimum performance threshold specified in the award will be achieved, we reverse all previously recognized compensation expense in the reporting period such a determination is made.

Performance share units earned are generally settled in stock, except for certain circumstances such as death or disability, in which case beneficiaries or employees are provided cash payments. As of December 31, 2021, nonvested performance share units of approximately 1,587,000, 578,000 and 2,021,000 were outstanding for the 2020-2022, 2021-2022 and 2021-2023 performance periods, respectively, based on the target award amounts. The following table summarizes information about outstanding nonvested performance share units based on the target award levels:

	Performance Share Units (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2021	3,771	$ 48.29
Granted	2,728	47.04
Vested[1]	(1,846)	40.29
Forfeited	(467)	49.18
Nonvested on December 31, 2021[2]	4,186	$ 50.90

[1] Represents the target level of performance share units vested at December 31, 2021 for the 2019-2021 performance period. Upon certification in February 2022 of the financial results for the performance period, the final number of shares earned will be determined and released.

[2] The outstanding nonvested performance share units as of December 31, 2021 at the threshold award and maximum award levels were approximately 1,725,000 and 9,759,000, respectively.

The weighted-average grant date fair value of performance share unit awards granted in 2021, 2020 and 2019 was $47.04, $57.00 and $40.29, respectively.

The following table summarizes information about vested performance share units based on the certified award level:

	2017-2020 Award		2018-2020 Award	
	Performance Share Units (In thousands)	Weighted-Average Grant Date Fair Value	Performance Share Units (In thousands)	Weighted-Average Grant Date Fair Value
Certified	3,728	$ 35.30	1,014	$ 41.02
Released during 2021	(3,720)	36.31	(1,008)	41.72
Forfeited during 2021	(8)	35.30	(6)	41.02

The total intrinsic value of performance share units that were released was $237 million, $191 million and $118 million in 2021, 2020 and 2019, respectively.

Time-Based Restricted Stock and Restricted Stock Unit Awards

Time-based restricted stock and restricted stock unit awards granted under the 2014 Equity Plan do not entitle recipients to vote or receive dividends during the vesting period and will be forfeited in the event of the recipient's termination of employment, except for certain circumstances such as death or disability. The fair value of restricted stock and restricted stock units is the closing market price per share of the Company's stock on the grant date less the present value of the expected dividends not received during the vesting period. The fair value of the restricted stock and restricted stock units expected to vest and be released is expensed on a straight-line basis over the vesting period. As of December 31, 2021, the Company had outstanding nonvested time-based restricted stock and restricted stock units totaling approximately 3,394,000.

The following table summarizes information about outstanding nonvested time-based restricted stock and restricted stock units:

	Restricted Stock and Restricted Stock Units (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2021	4,162	$ 44.18
Granted	1,242	46.20
Vested and released	(1,495)	41.91
Forfeited	(515)	46.46
Nonvested on December 31, 2021	3,394	$ 46.56

NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain employees. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement benefit arrangements outside the United States.

We refer to the funded defined benefit pension plan in the United States that is not associated with collective bargaining agreements as the "primary U.S. plan." As of December 31, 2021, the primary U.S. plan represented 61 percent and 57 percent of the Company's consolidated projected benefit obligation and pension plan assets, respectively.

Obligations and Funded Status

The following table sets forth the changes in the benefit obligations and the fair value of plan assets for our pension and other postretirement benefit plans (in millions):

	Pension Plans		Other Postretirement Benefit Plans	
Year Ended December 31,	**2021**	2020	**2021**	2020
Benefit obligation at beginning of year[1]	**$ 9,414**	$ 8,757	**$ 769**	$ 757
Service cost	**97**	112	**9**	11
Interest cost	**183**	235	**15**	21
Participant contributions	**5**	1	**13**	12
Foreign currency exchange rate changes	**(33)**	67	**(1)**	(1)
Amendments	**—**	3	**(13)**	—
Net actuarial loss (gain)[2]	**(226)**	746	**(28)**	22
Benefits paid	**(375)**	(485)	**(67)**	(59)
Settlements[3]	**(491)**	(81)	**—**	—
Curtailments[3]	**—**	(15)	**(1)**	6
Special termination benefits	**3**	2	**—**	—
Other	**3**	72	**—**	—
Benefit obligation at end of year[1]	**$ 8,580**	$ 9,414	**$ 696**	$ 769
Fair value of plan assets at beginning of year	**$ 8,639**	$ 8,080	**$ 396**	$ 339
Actual return on plan assets	**1,003**	830	**15**	51
Employer contributions	**33**	30	**—**	—
Participant contributions	**6**	1	**8**	7
Foreign currency exchange rate changes	**(42)**	97	**—**	—
Benefits paid	**(315)**	(419)	**—**	(1)
Settlements[3]	**(421)**	(53)	**—**	—
Other	**2**	73	**—**	—
Fair value of plan assets at end of year	**$ 8,905**	$ 8,639	**$ 419**	$ 396
Net asset (liability) recognized	**$ 325**	$ (775)	**$ (277)**	$ (373)

[1] For pension plans, the benefit obligation is the projected benefit obligation. For other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation. The accumulated benefit obligation for our pension plans was $8,431 million and $9,263 million as of December 31, 2021 and 2020, respectively.

[2] A change in the weighted-average discount rate was the primary driver of net actuarial loss (gain) during 2021 and 2020. For our primary U.S. pension plan, an increase in the discount rate resulted in an actuarial gain of $197 million during 2021, and a

decrease in the discount rate resulted in an actuarial loss of $491 million during 2020. Other drivers of net actuarial loss (gain) included assumption updates, plan experience and our strategic realignment initiatives. Refer to Note 18.

[3] Settlements and curtailments were primarily related to our strategic realignment initiatives. Refer to Note 18.

Pension and other postretirement benefit plan amounts recognized in our consolidated balance sheets were as follows (in millions):

	Pension Plans		Other Postretirement Benefit Plans	
December 31,	**2021**	2020	**2021**	2020
Other noncurrent assets	**$ 1,545**	$ 1,151	**$ —**	$ —
Accounts payable and accrued expenses	**(70)**	(116)	**(18)**	(19)
Other noncurrent liabilities	**(1,150)**	(1,810)	**(259)**	(354)
Net asset (liability) recognized	**$ 325**	$ (775)	**$ (277)**	$ (373)

Certain of our pension plans have a projected benefit obligation in excess of the fair value of plan assets. For these plans, the projected benefit obligation and the fair value of plan assets were as follows (in millions):

December 31,	**2021**	2020
Projected benefit obligation	**$ 6,862**	$ 7,722
Fair value of plan assets	**5,641**	5,796

Certain of our pension plans have an accumulated benefit obligation in excess of the fair value of plan assets. For these plans, the accumulated benefit obligation and the fair value of plan assets were as follows (in millions):

December 31,	**2021**	2020
Accumulated benefit obligation	**$ 6,689**	$ 7,553
Fair value of plan assets	**5,584**	5,745

All of our other postretirement benefit plans have an accumulated postretirement benefit obligation in excess of the fair value of plan assets.

Pension Plan Assets

The following table presents total assets by asset class for our U.S. and non-U.S. pension plans (in millions):

	U.S. Pension Plans		Non-U.S. Pension Plans	
December 31,	**2021**	2020	**2021**	2020
Cash and cash equivalents	**$ 272**	$ 279	**$ 233**	$ 399
Equity securities:				
U.S.-based companies	**1,463**	1,382	**968**	757
International-based companies	**876**	988	**830**	738
Fixed-income securities:				
Government bonds	**182**	220	**495**	417
Corporate bonds and debt securities	**899**	926	**124**	116
Mutual, pooled and commingled funds[1]	**290**	301	**560**	513
Hedge funds/limited partnerships	**682**	588	**38**	34
Real estate	**381**	326	**8**	6
Derivative financial instruments	**(1)**	(1)	**(8)**	(14)
Other	**339**	364	**274**	300
Total pension plan assets[2]	**$ 5,383**	$ 5,373	**$ 3,522**	$ 3,266

[1] Mutual, pooled and commingled funds include investments in equity securities, fixed-income securities and combinations of both. There are a significant number of mutual, pooled and commingled funds from which investors can choose. The selection of

the type of fund is dictated by the specific investment objectives and needs of a given plan. These objectives and needs vary greatly between plans.

[2] Fair value disclosures related to our pension plan assets are included in Note 16. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall; a reconciliation of the beginning and ending balances of Level 3 assets; and information about the valuation techniques and inputs used to measure the fair value of our pension plan assets.

Investment Strategy for U.S. Pension Plans

The Company utilizes the services of investment managers to actively manage the assets of our U.S. pension plans. We have established asset allocation targets and investment guidelines with each investment manager. Our asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the plans. Selection of the targeted asset allocation for U.S. pension plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. Our target allocation is a mix of 42 percent equity investments, 30 percent fixed-income investments and 28 percent alternative investments. We believe this target allocation will enable us to achieve the following long-term investment objectives:

(1) optimize the long-term return on plan assets at an acceptable level of risk;

(2) maintain a broad diversification across asset classes and among investment managers; and

(3) maintain careful control of the risk level within each asset class.

The guidelines that have been established with each investment manager provide parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements and credit quality standards, where applicable. Investment managers agree to obtain written approval for deviations from stated investment style or guidelines. As of December 31, 2021, no investment manager was responsible for more than 8 percent of total U.S. pension plan assets.

Our target allocation of 42 percent equity investments is composed of 60 percent global equities, 16 percent emerging market equities and 24 percent domestic small-cap and mid-cap equities. Optimal returns through our investments in global equities are achieved through security selection as well as country and sector diversification. Investments in our common stock accounted for approximately 5 percent of total global equities and approximately 3 percent of total U.S. pension plan assets. Our investments in global equities are intended to provide diversified exposure to both U.S. and non-U.S. equity markets. Our investments in both emerging market equities and domestic small-cap and mid-cap equities may experience large swings in their market value. Our investments in these asset classes are selected based on capital appreciation potential.

Our target allocation of 30 percent fixed-income investments is composed of 33 percent long-duration bonds and 67 percent with multi-strategy alternative credit managers. Long-duration bonds are intended to provide a stable rate of return through investments in high-quality publicly traded debt securities. Our investments in long-duration bonds are diversified in order to mitigate duration and credit exposure. Multi-strategy alternative credit managers invest in a combination of high-yield bonds, bank loans, structured credit and emerging market debt. These investments are in lower-rated and non-rated debt securities, which generally produce higher returns compared to long-duration bonds and also help to diversify our overall fixed-income portfolio.

Our target allocation for alternative investments is 28 percent. These alternative investments include hedge funds, reinsurance, private equity limited partnerships, leveraged buyout funds, international venture capital partnerships and real estate. The objective of investing in alternative investments is to provide a higher rate of return than that which is typically available from publicly traded equity securities. Alternative investments are inherently illiquid and require a long-term perspective in evaluating investment performance.

Investment Strategy for Non-U.S. Pension Plans

The long-term target allocation for 70 percent of our international subsidiaries' pension plan assets, primarily certain of our European and Canadian plans, was 66 percent equity securities, 4 percent fixed-income securities and 30 percent other investments. The actual allocation for the remaining 30 percent of the Company's international subsidiaries' pension plan assets consisted of 44 percent mutual, pooled and commingled funds; 21 percent fixed-income securities; 1 percent equity securities and 34 percent other investments. The investment strategies for our international subsidiaries' pension plans vary greatly, and in some instances are influenced by local law. None of our pension plans outside the United States is individually significant for separate disclosure.

Other Postretirement Benefit Plan Assets

Plan assets associated with other postretirement benefits primarily represent funding of one of the U.S. postretirement benefit plans through a Voluntary Employee Beneficiary Association ("VEBA"), a tax-qualified trust. The VEBA assets are primarily invested in liquid assets due to the level and timing of expected future benefit payments.

The following table presents total assets by asset class for our other postretirement benefit plans (in millions):

December 31,	**2021**	2020
Cash and cash equivalents	**$ 33**	$ 30
Equity securities:		
U.S.-based companies	**184**	170
International-based companies	**12**	12
Fixed-income securities:		
Government bonds	**3**	3
Corporate bonds and debt securities	**82**	80
Mutual, pooled and commingled funds	**87**	86
Hedge funds/limited partnerships	**9**	7
Real estate	**5**	4
Other	**4**	4
Total other postretirement benefit plan assets[1]	**$ 419**	$ 396

[1] Fair value disclosures related to our other postretirement benefit plan assets are included in Note 16. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall and information about the valuation techniques and inputs used to measure the fair value of our other postretirement benefit plan assets.

Components of Net Periodic Benefit Cost (Income)

Net periodic benefit cost or income for our pension and other postretirement benefit plans consisted of the following (in millions):

	Pension Plans			Other Postretirement Benefit Plans		
Year Ended December 31,	**2021**	2020	2019	**2021**	2020	2019
Service cost	**$ 97**	$ 112	$ 104	**$ 9**	$ 11	$ 9
Interest cost	**183**	235	291	**15**	21	28
Expected return on plan assets[1]	**(606)**	(587)	(552)	**(17)**	(16)	(13)
Amortization of prior service cost (credit)	**—**	3	(4)	**(2)**	(3)	(2)
Amortization of net actuarial loss[2]	**146**	171	151	**4**	5	2
Net periodic benefit cost (income)	**(180)**	(66)	(10)	**9**	18	24
Settlement charges[3]	**117**	23	6	**—**	—	—
Curtailment charges (credits)	**(1)**	1	—	**(1)**	6	(2)
Special termination benefits	**3**	2	1	**—**	—	—
Other	**—**	(4)	1	**—**	—	—
Total cost (income)	**$ (61)**	$ (44)	$ (2)	**$ 8**	$ 24	$ 22

[1] The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

[2] Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the plan participants.

[3] Settlement charges were primarily related to our strategic realignment initiatives. Refer to Note 18.

All of the amounts in the table above, other than service cost, were recorded in the line item other income (loss) — net in our consolidated statements of income.

Impact on Accumulated Other Comprehensive Income

The following table sets forth the pretax changes in AOCI for our pension and other postretirement benefit plans (in millions):

	Pension Plans		Other Postretirement Benefit Plans	
Year Ended December 31,	**2021**	2020	**2021**	2020
Balance in AOCI at beginning of year	**$ (3,012)**	$ (2,678)	**$ (47)**	$ (59)
Recognized prior service cost (credit)	**1**	3	**(2)**	(3)
Recognized net actuarial loss	**261** [1]	195 [2]	**3**	11
Prior service credit (cost) occurring during the year	**—**	(3)	**13**	—
Net actuarial (loss) gain occurring during the year	**623**	(488) [3]	**27**	7
Net foreign currency translation adjustments	**2**	(41)	**2**	(3)
Balance in AOCI at end of year	**$ (2,125)**	$ (3,012)	**$ (4)**	$ (47)

[1] Includes $117 million of recognized net actuarial loss due to the impact of settlements, which were primarily related to our strategic realignment initiatives. Refer to Note 18.

[2] Includes $23 million of recognized net actuarial loss due to the impact of settlements, which were primarily related to our strategic realignment initiatives. Refer to Note 18.

[3] Includes $15 million of net actuarial loss occurring during the year due to the impact of curtailments.

The following table sets forth the pretax amounts in AOCI for our pension and other postretirement benefit plans (in millions):

	Pension Plans		Other Postretirement Benefit Plans	
December 31,	**2021**	2020	**2021**	2020
Prior service credit (cost)	**$ (9)**	$ (10)	**$ 28**	$ 17
Net actuarial loss	**(2,116)**	(3,002)	**(32)**	(64)
Balance in AOCI at end of year	**$ (2,125)**	$ (3,012)	**$ (4)**	$ (47)

Assumptions

Certain weighted-average assumptions used in computing the benefit obligations for our pension and other postretirement benefit plans were as follows:

	Pension Plans		Other Postretirement Benefit Plans	
December 31,	**2021**	2020	**2021**	2020
Discount rate	**3.00 %**	2.50 %	**3.25 %**	2.75 %
Interest crediting rate	**3.00 %**	3.00 %	**N/A**	N/A
Rate of increase in compensation levels	**3.75 %**	3.75 %	**N/A**	N/A

Certain weighted-average assumptions used in computing net periodic benefit cost or income were as follows:

	Pension Plans			Other Postretirement Benefit Plans		
Year Ended December 31,	**2021**	2020	2019	**2021**	2020	2019
Discount rate	**2.50 %**	3.25 %	4.00 %	**2.75 %**	3.50 %	4.25 %
Interest crediting rate	**3.00 %**	3.50 %	3.75 %	**N/A**	N/A	N/A
Rate of increase in compensation levels	**3.75 %**	3.75 %	3.75 %	**N/A**	N/A	N/A
Expected long-term rate of return on plan assets	**7.25 %**	7.50 %	7.75 %	**4.25 %**	4.50 %	4.50 %

The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. Rates for U.S. and certain non-U.S. plans at December 31, 2021 were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. For other non-U.S. plans, we base the discount rate assumption on comparable indices within each of the countries. The Company measures the service cost and interest cost components of net periodic benefit cost or income for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows. The rate of compensation increase assumption is determined by the Company based upon annual reviews.

The current cash balance interest crediting rate for the primary U.S. pension plan is the yield on six-month U.S. Treasury bills on the last day of September of the previous plan year, plus 150 basis points. The Company assumes that the current cash balance interest crediting rate will grow linearly over 10 years to the ultimate interest crediting rate assumption.

The expected long-term rate of return assumption for U.S. pension plan assets is based upon the target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. We evaluate the rate of return assumption on an annual basis. The expected long-term rate of return assumption used in computing 2021 net periodic benefit income for the U.S. pension plans was 7.25 percent. As of December 31, 2021, the 5-year, 10-year and 15-year annualized return on plan assets for the primary U.S. plan was 10.7 percent, 9.7 percent and 6.8 percent, respectively. The annualized return since inception was 10.6 percent.

The weighted-average assumptions for health care cost trend rates were as follows:

December 31,	**2021**	2020
Health care cost trend rate assumed for next year	**6.75 %**	6.75 %
Rate to which the trend rate is assumed to decline (the ultimate trend rate)	**5.25 %**	5.25 %
Year that the trend rate reaches the ultimate trend rate	**2027**	2025

We review external data and our own historical trends for health care costs to determine the health care cost trend rate assumptions. The Company's U.S. postretirement benefit plans are primarily defined-dollar benefit plans that limit the effects of health care inflation because the plans have established dollar limits for determining our contributions.

Cash Flows

The expected benefit payments for our pension and other postretirement benefit plans for the 10 years succeeding December 31, 2021 are as follows (in millions):

Year Ended December 31,	2022	2023	2024	2025	2026	2027-2031
Benefit payments for pension plans	$ 486	$ 454	$ 464	$ 470	$ 471	$ 2,390
Benefit payments for other postretirement benefit plans	59	56	53	51	48	211
Total	$ 545	$ 510	$ 517	$ 521	$ 519	$ 2,601

The Company anticipates making contributions to our pension trusts in 2022 of $26 million, all of which will be allocated to our international plans. These contributions are generally made in accordance with local laws and tax regulations.

Defined Contribution Plans

Our Company sponsors qualified defined contribution plans covering substantially all U.S. employees. Under the largest U.S. defined contribution plan, we match participants' contributions up to a maximum of 3.5 percent of compensation, subject to an IRS limit on compensation. The Company's expense for the U.S. plans totaled $32 million, $43 million and $43 million in 2021, 2020 and 2019, respectively. We also sponsor defined contribution plans in certain locations outside the United States. The Company's expense for these plans totaled $79 million, $63 million and $64 million in 2021, 2020 and 2019, respectively.

Multi-Employer Retirement Plans

The Company participates in various multi-employer retirement plans. Multi-employer retirement plans are designed to provide benefits to or on behalf of employees of multiple employers. These plans are typically established under collective bargaining agreements. Multi-employer retirement plans are generally governed by a board of trustees composed of representatives of both management and labor and are generally funded through employer contributions.

The Company's expense for multi-employer retirement plans totaled $1 million, $2 million and $5 million in 2021, 2020 and 2019, respectively. The plans we currently participate in have contractual arrangements that extend into 2025. If, in the future, we choose to withdraw from any of the multi-employer retirement plans in which we currently participate, we would record the appropriate withdrawal liability, if any, at that time.

NOTE 14: INCOME TAXES

Income before income taxes consisted of the following (in millions):

Year Ended December 31,	**2021**	2020	2019
United States	**$ 3,538**	$ 3,149	$ 3,249
International	**8,887**	6,600	7,537
Total	**$ 12,425**	$ 9,749	$ 10,786

Income taxes consisted of the following (in millions):

	United States	State and Local	International	Total
2021				
Current	**$ 243**	**$ 106**	**$ 1,378**	**$ 1,727**
Deferred	**229**	**(10)**	**675** [1]	**894**
2020				
Current	$ 296	$ 396	$ 1,307	$ 1,999
Deferred	(220)	21	181	(18)
2019				
Current	$ 508	$ 94	$ 1,479	$ 2,081
Deferred	(65)	52	(267)	(280)

[1] Includes net tax expense of $195 million related to the changes in tax laws in certain foreign jurisdictions.

We made income tax payments of $2,168 million, $1,268 million and $2,126 million in 2021, 2020 and 2019, respectively.

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the statutory U.S. rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Eswatini. The terms of these grants expire from 2023 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $381 million, $317 million and $335 million for the years ended December 31, 2021, 2020 and 2019, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2021**	2020	2019
Statutory U.S. federal tax rate	**21.0 %**	21.0 %	21.0 %
State and local income taxes — net of federal benefit	**1.1**	1.1	0.9
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**2.3** [1]	0.9 [3]	1.1 [6,7,8]
Equity income or loss	**(2.0)**	(1.4)	(1.6)
Excess tax benefits on stock-based compensation	**(0.5)**	(0.8)	(0.9)
Other — net	**(0.8)** [2]	(0.5) [4,5]	(3.8) [9]
Effective tax rate	**21.1 %**	20.3 %	16.7 %

[1] Includes net tax charges of $375 million (or a 3.0 percent impact on our effective tax rate) related to changes in tax laws in certain foreign jurisdictions, amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other discrete items.

[2] Includes a tax benefit of $14 million (or a 1.5 percent impact on our effective tax rate) associated with the $834 million gain recorded upon the acquisition of the remaining ownership interest in BodyArmor. Refer to Note 2.

[3] Includes net tax charges of $110 million (or a 1.1 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon audit issues.

[4] Includes net tax expense of $431 million (or a 4.4 percent impact on our effective tax rate) primarily related to changes in judgment on specific tax positions due to the Opinion and amounts required to be recorded for changes to other uncertain tax positions, including interest and penalties. Also includes a tax benefit of $107 million (or a 1.1 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $135 million (or a 1.4 percent impact on our effective tax rate) related to domestic return to provision adjustments and other tax items.

[5] Includes a tax benefit of $40 million (or a 2.4 percent impact on our effective tax rate) associated with the $902 million gain recorded upon the acquisition of the remaining ownership interest in fairlife. Refer to Note 2.

[6] Includes net tax charges of $199 million (or a 1.9 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon audit issues.

[7] Includes the impact of pretax charges of $710 million (or a 1.2 percent impact on our effective tax rate) related to the impairment of certain of our equity method investees.

[8] Includes a tax benefit of $199 million (or a 1.5 percent impact on our effective tax rate) recorded as a result of CCBA no longer qualifying as a discontinued operation. Refer to Note 2.

[9] Includes a net tax benefit of $184 million (or a 1.7 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, a tax benefit of $145 million (or a 1.4 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $89 million (or a 0.8 percent impact on our effective tax rate) related to domestic return to provision adjustments as well as other agreed-upon audit issues.

As of December 31, 2021, we have not recorded incremental income taxes for any additional outside basis differences of approximately $5.1 billion in our investments in foreign subsidiaries, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any additional outside basis differences in these entities is not practicable.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return each foreign subsidiary's earnings in excess of an allowable return on the foreign subsidiary's tangible assets. An accounting policy election is available to either account for the tax effects of GILTI in the period that is subject to such taxes or to provide deferred taxes for book and tax basis differences that upon reversal may be subject to such taxes. We have elected to account for the tax effects of these provisions in the period that is subject to such tax and the impact is reflected in our full year provision.

The Company and its subsidiaries file income tax returns in all applicable jurisdictions, including the U.S. federal jurisdiction, U.S. state jurisdictions and foreign jurisdictions. U.S. tax authorities have completed their federal income tax examinations for all years prior to 2007. With respect to U.S. state jurisdictions and foreign jurisdictions, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years prior to 2006. For U.S. federal and state tax purposes, the net operating losses and tax credit carryovers acquired in connection with our acquisition of Coca-Cola Enterprises Inc.'s former North America business that were generated from the years of 1990 through 2010 are subject to adjustments until the year in which they are actually utilized is no longer subject to examination. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for in accordance with the applicable accounting guidance.

On November 18, 2020, the Tax Court issued the Opinion regarding the Company's 2015 litigation with the IRS involving transfer pricing tax adjustments in which the court predominantly sided with the IRS. The Company disagrees with the Opinion and intends to vigorously defend its position. Refer to Note 11.

As of December 31, 2021, the gross amount of unrecognized tax benefits was $906 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $600 million, exclusive of any benefits related to interest and penalties. The remaining $306 million primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	**2021**	2020	2019
Balance of unrecognized tax benefits at beginning of year	**$ 915**	$ 392	$ 336
Increase related to prior period tax positions	**9**	528 [1]	204 [2]
Decrease related to prior period tax positions	**(50)**	(1)	—
Increase related to current period tax positions	**37**	26	29
Decrease related to settlements with taxing authorities	**(4)**	(19)	(174) [3]
Effect of foreign currency translation	**(1)**	(11)	(3)
Balance of unrecognized tax benefits at end of year	**$ 906**	$ 915	$ 392

[1] The increase was primarily related to a change in judgment on certain tax positions due to the Opinion. Refer to Note 11.

[2] The increase was primarily related to a change in judgment about the Company's tax positions with several foreign jurisdictions.

[3] The decrease was primarily related to a change in judgment about one of the Company's tax positions that became certain as a result of settlement of a matter in the United States.

The Company recognizes interest and penalties related to unrecognized tax benefits in the line item income taxes on our consolidated statement of income. The Company had $453 million, $391 million and $201 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2021, 2020 and 2019, respectively. Of these amounts, expense of $62 million, $190 million and $11 million was recognized in 2021, 2020 and 2019, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would be a benefit to the Company's effective tax rate.

It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect any changes will have a significant impact on our consolidated statement of income or consolidated balance sheet. These changes may be the result of settlements of ongoing audits, statute of limitations expiring or final settlements in transfer pricing matters that are the subject of litigation. Currently, an estimate of the range of the reasonably possible outcomes cannot be made.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consisted of the following (in millions):

December 31,		**2021**		2020
Deferred tax assets:				
Property, plant and equipment	**$**	**36**	$	44
Trademarks and other intangible assets		**1,910**		2,214
Equity method investments (including net foreign currency translation adjustments)		**595**		580
Derivative financial instruments		**215**		523
Other liabilities		**1,255**		1,401
Benefit plans		**670**		893
Net operating/capital loss carryforwards		**280**		320
Other		**377**		391
Gross deferred tax assets		**5,338**		6,366
Valuation allowances		**(401)**		(406)
Total deferred tax assets	**$**	**4,937**	$	5,960
Deferred tax liabilities:				
Property, plant and equipment	**$**	**(721)**	$	(837)
Trademarks and other intangible assets		**(1,783)**		(1,661)
Equity method investments (including net foreign currency translation adjustments)		**(1,619)**		(1,533)
Derivative financial instruments		**(500)**		(435)
Other liabilities		**(315)**		(402)
Benefit plans		**(527)**		(321)
Other		**(164)**		(144)
Total deferred tax liabilities	**$**	**(5,629)**	$	(5,333)
Net deferred tax assets (liabilities)	**$**	**(692)**	$	627

As of December 31, 2021 and 2020, we had net deferred tax assets of $0.7 billion and $1.4 billion, respectively, located in countries outside the United States.

As of December 31, 2021, we had $2,313 million of loss carryforwards available to reduce future taxable income. Loss carryforwards of $849 million must be utilized within the next five years, and the remainder can be utilized over a period greater than five years.

An analysis of our deferred tax asset valuation allowances is as follows (in millions):

Year Ended December 31,		**2021**		2020		2019
Balance at beginning of year	**$**	**406**	$	303	$	419
Additions		**25**		240		148
Deductions		**(30)**		(137)		(264)
Balance at end of year	**$**	**401**	$	406	$	303

The Company's deferred tax asset valuation allowances are primarily the result of uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards and foreign tax credit carryforwards from operations in various jurisdictions and basis differences in certain equity investments. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet.

In 2021, the Company recognized a net decrease of $5 million in its valuation allowances. The decrease was primarily due to net decreases in the deferred tax assets and related valuation allowances on certain equity investments and the changes in net operating losses in the normal course of business.

In 2020, the Company recognized a net increase of $103 million in its valuation allowances. The increase was primarily due to net increases in the deferred tax assets and related valuation allowances on certain equity investments. The increase was also due to the increase of valuation allowances after considering significant negative evidence on the utilization of certain net operating losses and excess foreign tax credits.

In 2019, the Company recognized a net decrease of $116 million in its valuation allowances. This decrease was primarily due to the reversal of a valuation allowance after considering significant positive evidence on the utilization of certain net operating losses. This decrease was also due to the reversal of a valuation allowance in our U.S. operations related to expenses that were previously determined to be nondeductible and the changes in net operating losses in the normal course of business. The decrease was partially offset by an increase in the valuation allowance due to increases in the deferred tax assets and related valuation allowances on certain equity method investments and an increase due to the acquisition of foreign operations.

NOTE 15: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented in our consolidated balance sheet as a component of The Coca-Cola Company's shareowners' equity, which also includes our proportionate share of equity method investees' AOCI. OCI attributable to noncontrolling interests is allocated to, and included in, our consolidated balance sheet as part of the line item equity attributable to noncontrolling interests.

AOCI attributable to shareowners of The Coca-Cola Company consisted of the following, net of tax (in millions):

December 31,		**2021**		2020
Net foreign currency translation adjustments	**$**	**(12,595)**	$	(12,028)
Accumulated net gains (losses) on derivatives		**20**		(194)
Unrealized net gains (losses) on available-for-sale debt securities		**(62)**		28
Adjustments to pension and other postretirement benefit liabilities		**(1,693)**		(2,407)
Accumulated other comprehensive income (loss)	**$**	**(14,330)**	$	(14,601)

The following table summarizes the allocation of total comprehensive income between shareowners of The Coca-Cola Company and noncontrolling interests (in millions):

	Year Ended December 31, 2021				
		Shareowners of The Coca-Cola Company		Noncontrolling Interests	Total
Consolidated net income	$	9,771	$	33	$ 9,804
Other comprehensive income:					
Net foreign currency translation adjustments		(567)		(132)	(699)
Net gains (losses) on derivatives[1]		214		—	214
Net change in unrealized gains (losses) on available-for-sale debt securities[2]		(90)		—	(90)
Net change in pension and other postretirement benefit liabilities[3]		714		(2)	712
Total comprehensive income	$	10,042	$	(101)	$ 9,941

[1] Refer to Note 5 for additional information related to the net gains or losses on derivative instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

The following tables present OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees' OCI (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
2021			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	**$ 263**	**$ 19**	**$ 282**
Reclassification adjustments recognized in net income	**257**	**—**	**257**
Gains (losses) on intra-entity transactions that are of a long-term investment nature	**(1,798)**	**—**	**(1,798)**
Gains (losses) on net investment hedges arising during the year[1]	**918**	**(230)**	**688**
Reclassification adjustments for net investment hedges recognized in net income[1]	**4**	**—**	**4**
Net foreign currency translation adjustments	**$ (356)**	**$ (211)**	**$ (567)**
Derivatives:			
Gains (losses) arising during the year	**$ 160**	**$ (41)**	**$ 119**
Reclassification adjustments recognized in net income	**124**	**(29)**	**95**
Net gains (losses) on derivatives[1]	**$ 284**	**$ (70)**	**$ 214**
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	**$ (141)**	**$ 48**	**$ (93)**
Reclassification adjustments recognized in net income	**4**	**(1)**	**3**
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	**$ (137)**	**$ 47**	**$ (90)**
Pension and other postretirement benefit liabilities:			
Net pension and other postretirement benefit liabilities arising during the year	**$ 653**	**$ (138)**	**$ 515**
Reclassification adjustments recognized in net income	**265**	**(66)**	**199**
Net change in pension and other postretirement benefit liabilities[3]	**$ 918**	**$ (204)**	**$ 714**
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	**$ 709**	**$ (438)**	**$ 271**

2020			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (2,223)	$ 150	$ (2,073)
Reclassification adjustments recognized in net income	3	—	3
Gains (losses) on intra-entity transactions that are of a long-term investment nature	2,133	—	2,133
Gains (losses) on net investment hedges arising during the year[1]	(1,094)	273	(821)
Net foreign currency translation adjustments	$ (1,181)	$ 423	$ (758)
Derivatives:			
Gains (losses) arising during the year	$ (54)	$ 13	$ (41)
Reclassification adjustments recognized in net income	74	(18)	56
Net gains (losses) on derivatives[1]	$ 20	$ (5)	$ 15
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	$ (64)	$ 22	$ (42)
Reclassification adjustments recognized in net income	(7)	2	(5)
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	$ (71)	$ 24	$ (47)
Pension and other postretirement benefit liabilities:			
Net pension and other postretirement benefit liabilities arising during the year	$ (560)	$ 138	$ (422)
Reclassification adjustments recognized in net income	206	(51)	155
Net change in pension and other postretirement benefit liabilities[3]	$ (354)	$ 87	$ (267)
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (1,586)	$ 529	$ (1,057)

	Before-Tax Amount	Income Tax	After-Tax Amount
2019			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ 52	$ (54)	$ (2)
Reclassification adjustments recognized in net income	192	—	192
Gains (losses) on intra-entity transactions that are of a long-term investment nature	(307)	—	(307)
Gains (losses) on net investment hedges arising during the year[1]	195	(49)	146
Net foreign currency translation adjustments	$ 132	$ (103)	$ 29
Derivatives:			
Gains (losses) arising during the year	$ (225)	$ 49	$ (176)
Reclassification adjustments recognized in net income	163	(41)	122
Net gains (losses) on derivatives[1]	$ (62)	$ 8	$ (54)
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	$ 47	$ (4)	$ 43
Reclassification adjustments recognized in net income	(31)	6	(25)
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	$ 16	$ 2	$ 18
Pension and other postretirement benefit liabilities:			
Net pension and other postretirement benefit liabilities arising during the year	$ (379)	$ 105	$ (274)
Reclassification adjustments recognized in net income	151	(36)	115
Net change in pension and other postretirement benefit liabilities[3]	$ (228)	$ 69	$ (159)
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (142)	$ (24)	$ (166)

[1] Refer to Note 5 for additional information related to the net gains or losses on derivative instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

The following table presents the amounts and line items in our consolidated statement of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2021 (in millions):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income
Foreign currency translation adjustments:		
Divestitures, deconsolidations and other[1]	Other income (loss) — net	$ 261
	Income before income taxes	261
	Income taxes	—
	Consolidated net income	$ 261
Derivatives:		
Foreign currency contracts	Net operating revenues	$ 77
Foreign currency and commodity contracts	Cost of goods sold	10
Foreign currency contracts	Other income (loss) — net	(74)
Divestitures, deconsolidations and other[1]	Other income (loss) — net	8
Foreign currency and interest rate contracts	Interest expense	103
	Income before income taxes	124
	Income taxes	(29)
	Consolidated net income	$ 95
Available-for-sale debt securities:		
Sale of debt securities	Other income (loss) — net	$ 4
	Income before income taxes	4
	Income taxes	(1)
	Consolidated net income	$ 3
Pension and other postretirement benefit liabilities:		
Settlement charges[2]	Other income (loss) — net	$ 117
Curtailment charges (credits)[2]	Other income (loss) — net	(2)
Recognized net actuarial loss	Other income (loss) — net	150
Recognized prior service cost (credit)	Other income (loss) — net	(2)
Divestitures, deconsolidations and other[1]	Other income (loss) — net	2
	Income before income taxes	265
	Income taxes	(66)
	Consolidated net income	$ 199

[1] Refer to Note 2.

[2] The settlement charges and curtailment credits were related to our strategic realignment initiatives. Refer to Note 13 and Note 18.

NOTE 16: FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based

on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are investments in equity securities with readily determinable fair values, debt securities classified as trading or available-for-sale, derivative financial instruments and our contingent consideration liability. Additionally, the Company adjusts the carrying value of certain long-term debt as a result of the Company's fair value hedging strategy.

Investments in Debt and Equity Securities

The fair values of our investments in debt and equity securities using quoted market prices from daily exchange traded markets are based on the closing price as of the balance sheet date and are classified as Level 1. The fair values of our investments in debt and equity securities classified as Level 2 are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. Inputs into these valuation techniques include actual trade data, benchmark yields, broker/dealer quotes and other similar data. These inputs are obtained from quoted market prices, independent pricing vendors or other sources.

Derivative Financial Instruments

The fair values of our futures contracts are primarily determined using quoted contract prices on futures exchange markets. The fair values of these instruments are based on the closing contract prices as of the balance sheet date and are classified as Level 1.

The fair values of our derivative instruments other than futures are determined using standard valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these standard valuation models for derivative instruments other than futures include the applicable exchange rates, forward rates, interest rates, discount rates and commodity prices. The standard valuation model for options also uses implied volatility as an additional input. The discount rates are based on the historical U.S. Deposit or U.S. Treasury rates, and the implied volatility specific to options is based on quoted rates from financial institutions.

Included in the fair values of derivative instruments is an adjustment for nonperformance risk. The adjustment is based on current credit default swap ("CDS") rates applied to each contract, by counterparty. We use our counterparty's CDS rate when we are in an asset position and our own CDS rate when we are in a liability position. The adjustment for nonperformance risk did not have a significant impact on the estimated fair values of our derivative instruments.

The following tables summarize those assets and liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2021					
	Level 1	Level 2	Level 3	Other[3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 2,372	$ 230	$ 17	$ 104	$ —	$ 2,723
Debt securities[1]	—	1,556	33	—	—	1,589
Derivatives[2]	69	588	—	—	(459) [6]	198 [8]
Total assets	$ 2,441	$ 2,374	$ 50	$ 104	$ (459)	$ 4,510
Liabilities:						
Contingent consideration liability	$ —	$ —	$ 590 [5]	$ —	$ —	$ 590
Derivatives[2]	—	96	—	—	(82) [7]	14 [8]
Total liabilities	$ —	$ 96	$ 590	$ —	$ (82)	$ 604

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 5 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 5.

[5] Refer to Note 2 for additional information related to the contingent consideration liability resulting from the fairlife acquisition.

[6] The Company is obligated to return $331 million in cash collateral it has netted against its derivative position.

[7] The Company does not have the right to reclaim any cash collateral it has netted against its derivative position.

[8] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $198 million in the line item other noncurrent assets and $14 million in the line item other noncurrent liabilities. Refer to Note 5 for additional information related to the composition of our derivative portfolio.

	December 31, 2020					
	Level 1	Level 2	Level 3	Other[3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 2,049	$ 210	$ 12	$ 103	$ —	$ 2,374
Debt securities[1]	4	2,267	32	—	—	2,303
Derivatives[2]	63	835	—	—	(669) [6]	229 [8]
Total assets	$ 2,116	$ 3,312	$ 44	$ 103	$ (669)	$ 4,906
Liabilities:						
Contingent consideration liability	$ —	$ —	$ 321 [5]	$ —	$ —	$ 321
Derivatives[2]	—	91	—	—	(81) [7]	10 [8]
Total liabilities	$ —	$ 91	$ 321	$ —	$ (81)	$ 331

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 5 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 5.

[5] Refer to Note 2 for additional information related to the contingent consideration liability resulting from the fairlife acquisition.

[6] The Company is obligated to return $546 million in cash collateral it has netted against its derivative position.

[7] The Company does not have the right to reclaim any cash collateral it has netted against its derivative position.

[8] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $229 million in the line item other noncurrent assets, $9 million in the line item accounts payable and accrued expenses and $1 million in the line item other noncurrent liabilities. Refer to Note 5 for additional information related to the composition of our derivative portfolio.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the years ended December 31, 2021 and 2020.

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. Gross transfers between levels within the hierarchy were not significant for the years ended December 31, 2021 and 2020.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges or as a result of observable changes in equity securities using the measurement alternative.

The gains and losses on assets measured at fair value on a nonrecurring basis are summarized in the following table (in millions):

	Gains (Losses)	
Year Ended December 31,	**2021**	2020
Assets held for sale	**$ (266)** [1]	$ —
Other-than-temporary impairment charges	**—**	(290) [3]
Impairment of intangible assets	**(78)** [2]	(215) [4]
Impairment of equity investment without a readily determinable fair value	**—**	(26) [5]
Total	**$ (344)**	$ (531)

[1] The Company is required to record assets and liabilities that are held for sale at the lower of carrying value or fair value less any costs to sell based on the agreed-upon sale price. The Company recorded charges of $266 million in the line item other income (loss) — net in our consolidated statement of income related to the restructuring of our manufacturing operations in the United States. These charges, which were calculated based on Level 3 inputs, primarily impacted the line item property, plant and equipment in our consolidated balance sheet.

[2] The Company recorded an impairment charge of $78 million related to a trademark in Europe, which was driven by a change in the long-term outlook on the licensing arrangement for a certain brand. The fair value of this trademark was derived using discounted cash flow analyses based on Level 3 inputs.

[3] During the year ended December 31, 2020, the Company recorded an other-than-temporary impairment charge of $252 million related to CCBJHI, an equity method investee. Based on the length of time and the extent to which the market value of our investment in CCBJHI was less than our carrying value and the financial condition and near-term prospects of the issuer, management determined that the decline in fair value was other than temporary in nature. This impairment charge was determined using the quoted market price (a Level 1 measurement) of CCBJHI. The Company also recorded an other-than-temporary impairment charge of $38 million related to one of our equity method investees in Latin America. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results.

[4] The Company recorded impairment charges of $160 million related to its Odwalla trademark in North America, as the Company decided in June 2020 to discontinue its Odwalla juice business. The Company also recorded an impairment charge of $55 million related to a trademark in North America, which was driven by the impact of the COVID-19 pandemic, revised projections of future operating results and a change in brand focus in the Company's portfolio. The fair value of this trademark was derived using discounted cash flow analyses based on Level 3 inputs.

[5] The Company recorded an impairment charge of $26 million related to an investment in an equity security without a readily determinable fair value. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results.

Fair Value Measurements for Pension and Other Postretirement Benefit Plan Assets

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheet but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension and other postretirement benefit plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost or income as well as amounts recognized in our consolidated balance sheet. Refer to Note 13. The Company uses the fair value hierarchy to measure the fair value of assets held by our pension and other postretirement benefit plans.

Pension Plan Assets

The following table summarizes the levels within the fair value hierarchy for our pension plan assets (in millions):

	December 31, 2021					December 31, 2020				
	Level 1	**Level 2**	**Level 3**	**Other [1]**	**Total**	Level 1	Level 2	Level 3	Other [1]	Total
Cash and cash equivalents	**$ 479**	**$ 26**	**$ —**	**$ —**	**$ 505**	$ 558	$ 120	$ —	$ —	$ 678
Equity securities:										
U.S.-based companies	**2,382**	**22**	**27**	**—**	**2,431**	2,123	12	4	—	2,139
International-based companies	**1,684**	**22**	**—**	**—**	**1,706**	1,694	32	—	—	1,726
Fixed-income securities:										
Government bonds	**—**	**677**	**—**	**—**	**677**	—	637	—	—	637
Corporate bonds and debt securities	**—**	**994**	**29**	**—**	**1,023**	—	1,011	31	—	1,042
Mutual, pooled and commingled funds	**36**	**283**	**—**	**531 [4]**	**850**	44	268	—	502 [4]	814
Hedge funds/limited partnerships	**—**	**—**	**—**	**720 [5]**	**720**	—	—	—	622 [5]	622
Real estate	**—**	**—**	**—**	**389 [6]**	**389**	—	—	—	332 [6]	332
Derivative financial instruments	**—**	**(9) [2]**	**—**	**—**	**(9)**	—	(15) [2]	—	—	(15)
Other	**—**	**—**	**283 [3]**	**330 [7]**	**613**	—	—	302 [3]	362 [7]	664
Total	**$4,581**	**$2,015**	**$ 339**	**$1,970**	**$8,905**	$4,419	$2,065	$ 337	$1,818	$8,639

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 13.

[2] This class of assets includes investments in credit contracts.

[3] Includes purchased annuity insurance contracts.

[4] This class of assets includes actively managed emerging markets equity funds and a collective trust fund for qualified plans, invested primarily in equity securities of companies in developing and emerging markets. There are no liquidity restrictions on these investments.

[5] This class of assets includes hedge funds that can be subject to redemption restrictions, ranging from monthly to semiannually, with a redemption notice period of up to one year and/or initial lock-up periods of up to three years, and private equity funds that are primarily closed-end funds in which the Company's investments are generally not eligible for redemption. Distributions from these private equity funds will be received as the underlying assets are liquidated or distributed.

[6] This class of assets includes funds invested in real estate, including a privately held real estate investment trust, a real estate commingled pension trust fund, infrastructure limited partnerships and commingled investment funds. These funds seek current income and capital appreciation and can be subject to redemption restrictions, ranging from quarterly to semiannually, with a redemption notice period of up to 90 days.

[7] Primarily includes segregated portfolios of private investment funds that are invested in a portfolio of insurance-linked securities. These assets can be subject to a semiannual redemption, with a redemption notice period of 90 days, subject to certain gate restrictions.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.S. and non-U.S. pension plans (in millions):

	Equity Securities	Fixed-Income Securities	Other [1]	Total
2020				
Balance at beginning of year	$ 21	$ 40	$ 273	$ 334
Actual return on plan assets	—	1	6	7
Purchases, sales and settlements — net	(18)	(17)	4	(31)
Transfers into Level 3 — net	1	7	—	8
Net foreign currency translation adjustments	—	—	19	19
Balance at end of year	$ 4	$ 31	$ 302	$ 337
2021				
Balance at beginning of year	**$ 4**	**$ 31**	**$ 302**	**$ 337**
Actual return on plan assets	**21**	**(3)**	**(6)**	**12**
Purchases, sales and settlements — net	**2**	**7**	**(2)**	**7**
Transfers into Level 3 — net	**—**	**(6)**	**—**	**(6)**
Net foreign currency translation adjustments	**—**	**—**	**(11)**	**(11)**
Balance at end of year	**$ 27**	**$ 29**	**$ 283**	**$ 339**

[1] Includes purchased annuity insurance contracts.

Other Postretirement Benefit Plan Assets

The following table summarizes the levels within the fair value hierarchy for our other postretirement benefit plan assets (in millions):

	December 31, 2021				December 31, 2020			
	Level 1	**Level 2**	**Other [1]**	**Total**	Level 1	Level 2	Other [1]	Total
Cash and cash equivalents	**$ 32**	**$ 1**	**$ —**	**$ 33**	$ 29	$ 1	$ —	$ 30
Equity securities:								
U.S.-based companies	**183**	**1**	**—**	**184**	169	1	—	170
International-based companies	**12**	**—**	**—**	**12**	12	—	—	12
Fixed-income securities:								
Government bonds	**—**	**3**	**—**	**3**	—	3	—	3
Corporate bonds and debt securities	**—**	**82**	**—**	**82**	—	80	—	80
Mutual, pooled and commingled funds	**—**	**85**	**2**	**87**	—	84	2	86
Hedge funds/limited partnerships	**—**	**—**	**9**	**9**	—	—	7	7
Real estate	**—**	**—**	**5**	**5**	—	—	4	4
Other	**—**	**—**	**4**	**4**	—	—	4	4
Total	**$ 227**	**$ 172**	**$ 20**	**$ 419**	$ 210	$ 169	$ 17	$ 396

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 13.

Other Fair Value Disclosures

The carrying values of cash and cash equivalents; short-term investments; trade accounts receivable; accounts payable and accrued expenses; and loans and notes payable approximate their fair values because of the relatively short-term maturities of these financial instruments. As of December 31, 2021, the carrying value and fair value of our long-term debt, including the current portion, were $39,454 million and $40,311 million, respectively. As of December 31, 2020, the carrying value and fair value of our long-term debt, including the current portion, were $40,610 million and $43,218 million, respectively.

NOTE 17: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

Other Operating Charges

In 2021, the Company recorded other operating charges of $846 million. These charges primarily consisted of $369 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $146 million related to the Company's strategic realignment initiatives, $119 million related to the BodyArmor acquisition, which includes various transition and transaction costs, distributor termination fees, employee retention costs and the amortization of noncompete agreements, and $115 million related to the Company's productivity and reinvestment program. In addition, other operating charges included an impairment charge of $78 million related to a trademark in Europe, charges of $15 million related to tax litigation and a net charge of $4 million related to the restructuring of our manufacturing operations in the United States.

In 2020, the Company recorded other operating charges of $853 million. These charges primarily consisted of $413 million related to the Company's strategic realignment initiatives and $99 million related to the Company's productivity and reinvestment program. In addition, other operating charges included impairment charges of $160 million related to the Odwalla trademark and net charges of $33 million related to discontinuing the Odwalla juice business. Other operating charges also included an impairment charge of $55 million related to a trademark in North America. In addition, other operating charges included $51 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition and net charges of $16 million related to the restructuring of our manufacturing operations in the United States.

In 2019, the Company recorded other operating charges of $458 million. These charges included $264 million related to the Company's productivity and reinvestment program and $42 million related to the impairment of a trademark in Asia Pacific. In addition, other operating charges included $46 million of transaction costs associated with the purchase of Costa, which we acquired in January 2019, and $95 million for costs incurred to refranchise certain of our North America bottling operations. These costs included, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems.

Refer to Note 2 for additional information on the acquisitions of BodyArmor, fairlife and Costa. Refer to Note 11 for additional information related to the tax litigation. Refer to Note 16 for additional information on the impairment charges. Refer to Note 18 for additional information on the Company's strategic realignment initiatives and productivity and reinvestment program. Refer to Note 19 for the impact these charges had on our operating segments and Corporate.

Other Nonoperating Items

Interest Expense

During the years ended December 31, 2021 and 2020, the Company recorded charges of $650 million and $484 million, respectively, related to the extinguishment of long-term debt. Refer to Note 10.

Equity Income (Loss) — Net

The Company recorded net charges of $13 million, $216 million and $100 million in equity income (loss) — net during the years ended December 31, 2021, 2020 and 2019, respectively. These amounts represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 19 for the impact these charges had on our operating segments and Corporate.

Other Income (Loss) — Net

During 2021, the Company recognized a gain of $834 million in conjunction with the BodyArmor acquisition, a net gain of $695 million related to the sale of our ownership interest in CCA, an equity method investee, and a net gain of $114 million related to the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. Additionally, the Company recognized a net gain of $467 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. The Company also recorded charges of $266 million related to the restructuring of our manufacturing operations in the United States and pension plan settlement charges of $117 million related to our strategic realignment initiatives.

During 2020, the Company recognized a gain of $902 million in conjunction with the fairlife acquisition, a net gain of $148 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, and a net gain of $35 million related to the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. These gains were partially offset by an other-than-temporary impairment charge of $252 million related to CCBJHI, an equity method investee, an other-than-temporary impairment charge of $38 million related to one of our equity method investees in Latin America, an impairment charge of $26 million associated with an investment in an equity security without a readily determinable fair value and a net loss of $55 million related to economic hedging activities. The Company also recorded net charges of $25 million related to the restructuring of our manufacturing operations in the United States and pension and other postretirement benefit plan settlement and curtailment charges of $14 million related to the Company's strategic realignment initiatives.

During 2019, the Company recognized a gain of $739 million on the sale of a retail and office building in New York City. The Company also recognized a net gain of $250 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, a gain of $73 million related to the refranchising of certain bottling operations in India and a gain of $39 million related to the sale of a portion of our ownership interest in Andina. These gains were partially offset by other-than-temporary impairment charges of $406 million related to CCBJHI, an equity method investee, $255 million related to certain equity method investees in the Middle East, $57 million related to one of our equity method investees in North America and $49 million related to one of our equity method investees in Latin America. The Company also recorded an adjustment to reduce the carrying amount of CCBA's fixed assets and definite-lived intangible assets by $160 million and recognized a $118 million net loss in conjunction with our acquisition of the remaining ownership interest in CHI. Additionally, the Company recorded net charges of $105 million primarily related to post-closing adjustments as contemplated by the related agreements associated with the refranchising of certain bottling territories in North America.

Refer to Note 2 for additional information on the acquisitions of BodyArmor, fairlife and CHI, the sale of our ownership interest in CCA, the sale of a portion of our ownership interest in Andina, the refranchising activity in India, and the CCBA asset adjustment. Refer to Note 4 for additional information on equity and debt securities. Refer to Note 5 for additional information on our economic hedging activities. Refer to Note 16 for additional information on the impairment charges and charges related to the restructuring of our manufacturing operations in the United States. Refer to Note 18 for additional information on the Company's strategic realignment initiatives. Refer to Note 19 for the impact these items had on our operating segments and Corporate.

NOTE 18: RESTRUCTURING

Strategic Realignment

In August 2020, the Company announced strategic steps to transform our organizational structure in an effort to better enable us to capture growth in the fast-changing marketplace. The Company has transformed into a networked global organization designed to combine the power of scale with the deep knowledge required to win locally. We created new operating units effective January 1, 2021, which are focused on regional and local execution. The operating units, which sit under the four existing geographic operating segments, are highly interconnected, with more consistency in their structure and a focus on eliminating duplication of resources and scaling new products more quickly. The operating units work closely with five global marketing category leadership teams to rapidly scale ideas while staying close to the consumer. The global marketing category leadership teams primarily focus on

innovation as well as marketing efficiency and effectiveness. The organizational structure also includes a center and a platform services organization. Refer to Note 19 for additional information on our organizational structure.

The Company has incurred total pretax expenses of $690 million related to these strategic realignment initiatives since they commenced. These expenses were recorded in the line items other operating charges and other income (loss) — net in our consolidated statements of income. Refer to Note 19 for the impact these expenses had on our operating segments and Corporate. Outside services reported in the table below primarily relate to expenses in connection with legal and consulting activities. These initiatives were substantially complete as of December 31, 2021.

The following table summarizes the balance of accrued expenses related to these strategic realignment initiatives (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2020				
Costs incurred	$ 386	$ 37	$ 4	$ 427
Payments	(170)	(36)	(1)	(207)
Noncash and exchange	(35) [1]	—	—	(35)
Accrued balance at end of year	$ 181	$ 1	$ 3	$ 185
2021				
Accrued balance at beginning of year	**$ 181**	**$ 1**	**$ 3**	**$ 185**
Costs incurred	**224**	**37**	**2**	**263**
Payments	**(265)**	**(35)**	**(3)**	**(303)**
Noncash and exchange	**(120)** [1]	**(2)**	**—**	**(122)**
Accrued balance at end of year	**$ 20**	**$ 1**	**$ 2**	**$ 23**

[1] Includes stock-based compensation modifications, pension settlement charges, and other postretirement benefit plan curtailment charges. Refer to Note 12 and Note 13.

Productivity and Reinvestment Program

In February 2012, the Company announced a productivity and reinvestment program designed to strengthen our brands and reinvest our resources to drive long-term profitable growth. This program was expanded multiple times, with the last expansion occurring in April 2017. While we expect most of the remaining initiatives included in this program, which are primarily designed to further simplify and standardize our organization, to be completed by the end of 2023, certain initiatives may extend into 2024.

The Company has incurred total pretax expenses of $4,044 million related to our productivity and reinvestment program since it commenced. These expenses were recorded in the line items other operating charges and other income (loss) — net in our consolidated statements of income. Refer to Note 19 for the impact these charges had on our operating segments and Corporate. Outside services reported in the table below primarily include costs associated with outplacement and consulting activities. Other direct costs reported in the table below include, among other items, internal and external costs associated with the development, communication, administration and implementation of these initiatives; accelerated depreciation on certain fixed assets; contract termination fees; and relocation costs.

The following table summarizes the balance of accrued expenses related to these productivity and reinvestment initiatives and the changes in the accrued amounts (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2019				
Accrued balance at beginning of year	$ 76	$ 10	$ 4	$ 90
Costs incurred	36	87	141	264
Payments	(57)	(98)	(119)	(274)
Noncash and exchange	3	2	(19)	(14)
Accrued balance at end of year	$ 58	$ 1	$ 7	$ 66
2020				
Accrued balance at beginning of year	$ 58	$ 1	$ 7	$ 66
Costs incurred	(12)	69	42	99
Payments	(29)	(70)	(36)	(135)
Noncash and exchange	(2)	—	(11)	(13)
Accrued balance at end of year	$ 15	$ —	$ 2	$ 17
2021				
Accrued balance at beginning of year	**$ 15**	**$ —**	**$ 2**	**$ 17**
Costs incurred	**4**	**97**	**14**	**115**
Payments	**(6)**	**(97)**	**(14)**	**(117)**
Noncash and exchange	**(1)**	**—**	**3**	**2**
Accrued balance at end of year	**$ 12**	**$ —**	**$ 5**	**$ 17**

NOTE 19: OPERATING SEGMENTS

Our organizational structure consists of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Global Ventures; and Bottling Investments. Our operating structure also includes Corporate, which consists of two components: (1) a center focusing on strategic initiatives, policy, governance and scaling global initiatives; and (2) a platform services organization supporting operating units, global marketing category leadership teams and the center by providing efficient and scaled global services and capabilities including, but not limited to, transactional work, data management, consumer analytics, digital commerce and social/ digital hubs.

Segment Products and Services

The business of our Company is primarily nonalcoholic beverages. Our geographic operating segments (Europe, Middle East and Africa; Latin America; North America; and Asia Pacific) derive a majority of their revenues from the manufacture and sale of beverage concentrates and syrups and, in some cases, the sale of finished beverages. Our Global Ventures operating segment includes the results of our Costa, innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster. Our Bottling Investments operating segment is composed of our consolidated bottling operations, regardless of the geographic location of the bottler. Our Bottling Investments operating segment also includes equity income from the majority of our equity method investees. Our consolidated bottling operations derive the majority of their revenues from the manufacture and sale of finished beverages. Generally, finished product operations produce higher net operating revenues but lower gross profit margins than concentrate operations. Refer to Note 3.

The following table sets forth the percentage of total net operating revenues attributable to concentrate operations and finished product operations:

Year Ended December 31,	**2021**	2020	2019
Concentrate operations	**56 %**	56 %	55 %
Finished product operations	**44**	44	45
Total	**100 %**	100 %	100 %

Method of Determining Segment Income or Loss

Management evaluates the performance of our operating segments separately to individually monitor the different factors affecting financial performance. Our Company manages income taxes and certain treasury-related items, such as interest income and interest expense, on a global basis within Corporate. We evaluate operating segment performance based primarily on net operating revenues and operating income (loss).

Geographic Data

The following table provides information related to our net operating revenues (in millions):

Year Ended December 31,		**2021**		2020		2019
United States	**$**	**13,010**	$	11,281	$	11,715
International		**25,645**		21,733		25,551
Net operating revenues	**$**	**38,655**	$	33,014	$	37,266

The following table provides information related to our property, plant and equipment — net (in millions):

Year Ended December 31,		**2021**		2020		2019
United States	**$**	**3,420**	$	3,988	$	4,062
International		**6,500**		6,789		6,776
Property, plant and equipment — net	**$**	**9,920**	$	10,777	$	10,838

Information about our Company's operations by operating segment and Corporate is as follows (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Global Ventures	Bottling Investments	Corporate	Eliminations	Consolidated
As of and for the Year Ended December 31, 2021									
Net operating revenues:									
Third party	**$ 6,564**	**$ 4,143**	**$ 13,184**	**$ 4,682**	**$ 2,805**	**$ 7,194**	**$ 83**	**$ —**	**$ 38,655**
Intersegment	**629**	**—**	**6**	**609**	**—**	**9**	**2**	**(1,255)**	**—**
Total net operating revenues	**7,193**	**4,143**	**13,190**	**5,291**	**2,805**	**7,203**	**85**	**(1,255)**	**38,655**
Operating income (loss)	**3,735**	**2,534**	**3,331**	**2,325**	**293**	**473**	**(2,383)**	**—**	**10,308**
Interest income	**—**	**—**	**40**	**—**	**10**	**—**	**226**	**—**	**276**
Interest expense	**—**	**—**	**—**	**—**	**—**	**—**	**1,597**	**—**	**1,597**
Depreciation and amortization	**76**	**39**	**388**	**49**	**135**	**529**	**236**	**—**	**1,452**
Equity income (loss) — net	**33**	**9**	**22**	**8**	**(6)**	**1,071**	**301**	**—**	**1,438**
Income (loss) before income taxes	**3,821**	**2,542**	**3,140**	**2,350**	**310**	**1,596**	**(1,334)**	**—**	**12,425**
Identifiable operating assets	**7,908** [2]	**1,720**	**25,730**	**2,355** [3]	**7,949**	**10,312** [2,3]	**19,964**	**—**	**75,938**
Investments[1]	**436**	**594**	**21**	**230**	**—**	**12,669**	**4,466**	**—**	**18,416**
Capital expenditures	**35**	**2**	**228**	**65**	**285**	**560**	**192**	**—**	**1,367**
As of and for the Year Ended December 31, 2020									
Net operating revenues:									
Third party	$ 5,534	$ 3,499	$ 11,473	$ 4,213	$ 1,991	$ 6,258	$ 46	$ —	$ 33,014
Intersegment	523	—	4	509	—	7	—	(1,043)	—
Total net operating revenues	6,057	3,499	11,477	4,722	1,991	6,265	46	(1,043)	33,014
Operating income (loss)	3,313	2,116	2,471	2,133	(123)	308	(1,221)	—	8,997
Interest income	—	—	64	—	11	—	295	—	370
Interest expense	—	—	—	—	—	—	1,437	—	1,437
Depreciation and amortization	86	45	439	47	122	551	246	—	1,536
Equity income (loss) — net	31	(72)	—	8	(9)	779	241	—	978
Income (loss) before income taxes	3,379	2,001	2,500	2,158	(120)	898	(1,067)	—	9,749
Identifiable operating assets	8,098 [2]	1,597	19,444	2,073 [3]	7,575	10,521 [2,3]	17,903	—	67,211
Investments[1]	517	603	345	240	4	14,183	4,193	—	20,085
Capital expenditures	27	6	182	20	261	474	207	—	1,177
Year Ended December 31, 2019									
Net operating revenues:									
Third party	$ 6,434	$ 4,118	$ 11,906	$ 4,723	$ 2,560	$ 7,431	$ 94	$ —	$ 37,266
Intersegment	624	—	9	604	2	9	—	(1,248)	—
Total net operating revenues	7,058	4,118	11,915	5,327	2,562	7,440	94	(1,248)	37,266
Operating income (loss)	3,551	2,375	2,594	2,282	334	358	(1,408)	—	10,086
Interest income	—	—	65	—	12	—	486	—	563
Interest expense	—	—	—	—	—	—	946	—	946
Depreciation and amortization	86	35	439	31	117	446	211	—	1,365
Equity income (loss) — net	35	(32)	(6)	11	(3)	836	208	—	1,049
Income (loss) before income taxes	3,361	2,288	2,592	2,310	343	716	(824)	—	10,786
Capital expenditures	108	140	392	47	209	836	322	—	2,054

[1] Principally equity method investments and other investments in bottling companies.

[2] Property, plant and equipment — net in South Africa represented 16 percent and 15 percent of consolidated property, plant and equipment — net as of December 31, 2021 and 2020, respectively.

[3] Property, plant and equipment — net in the Philippines represented 10 percent of consolidated property, plant and equipment — net as of December 31, 2021 and 2020.

During 2021, 2020 and 2019, our operating segments and Corporate were impacted by acquisition and divestiture activities. Refer to Note 2.

In 2021, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $369 million for Corporate related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition. Refer to Note 2.
- Operating income (loss) and income (loss) before income taxes were reduced by $115 million for Corporate due to the Company's productivity and reinvestment program. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $98 million for Corporate and $21 million for North America related to various costs incurred in conjunction with our acquisition of BodyArmor. Refer to Note 2 and Note 17.
- Operating income (loss) and income (loss) before income taxes were reduced by $78 million for Europe, Middle East and Africa related to the impairment of a trademark. Refer to Note 16.
- Operating income (loss) and income (loss) before income taxes were reduced by $63 million and $61 million, respectively, for Europe, Middle East and Africa, $46 million and $160 million, respectively, for Corporate, $12 million and $14 million, respectively, for Asia Pacific, and $11 million and $12 million, respectively, for Latin America due to the Company's strategic realignment initiatives. In addition, operating income (loss) and income (loss) before income taxes were both reduced by $14 million for North America and income (loss) before income taxes was reduced by $2 million for Bottling Investments due to the Company's strategic realignment initiatives. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $52 million and $316 million, respectively, for North America, and income (loss) before income taxes was reduced by $2 million for Corporate related to the restructuring of our manufacturing operations in the United States. Refer to Note 16.
- Operating income (loss) and income (loss) before income taxes were reduced by $15 million for Corporate related to tax litigation expense. Refer to Note 11.
- Income (loss) before income taxes was increased by $834 million for Corporate in conjunction with our acquisition of BodyArmor, which resulted from the remeasurement of our previously held equity interest in BodyArmor to fair value. Refer to Note 2.
- Income (loss) before income taxes was increased by $695 million for Corporate related to the sale of our ownership interest in CCA, an equity method investee. Refer to Note 2.
- Income (loss) before income taxes was increased by $467 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- Income (loss) before income taxes was increased by $114 million for Corporate related to the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. Refer to Note 2.
- Income (loss) before income taxes was reduced by $650 million for Corporate related to charges associated with the extinguishment of long-term debt. Refer to Note 10.
- Income (loss) before income taxes was reduced by $45 million for Bottling Investments and was increased by $32 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

In 2020, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes for North America were reduced by $160 million related to the impairment of the Odwalla trademark and $33 million related to the cost of discontinuing the Odwalla juice business.
- Operating income (loss) and income (loss) before income taxes were reduced by $145 million and $153 million, respectively, for Corporate, $31 million and $30 million, respectively, for Asia Pacific, $21 million and

$26 million, respectively, for Bottling Investments, and $19 million and $21 million, respectively, for Latin America due to the Company's strategic realignment initiatives. Additionally, operating income (loss) and income (loss) before income taxes

were reduced by $115 million for North America, $78 million for Europe, Middle East and Africa and $4 million for Global Ventures due to the Company's strategic realignment initiatives. Refer to Note 18.

- Operating income (loss) and income (loss) before income taxes were reduced by $104 million for Corporate due to the Company's productivity and reinvestment program. Operating income (loss) and income (loss) before income taxes were increased by $5 million for Europe, Middle East and Africa due to the refinement of previously established accruals related to the Company's productivity and reinvestment program. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $59 million and $84 million, respectively, for North America related to the restructuring of our manufacturing operations in the United States.
- Operating income (loss) and income (loss) before income taxes were reduced by $55 million for North America related to the impairment of a trademark. Refer to Note 16.
- Operating income (loss) and income (loss) before income taxes were reduced by $51 million for Corporate related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition. Refer to Note 2.
- Income (loss) before income taxes was increased by $902 million for Corporate in conjunction with our fairlife acquisition, which resulted from the remeasurement of our previously held equity interest in fairlife to fair value. Refer to Note 2.
- Income (loss) before income taxes was increased by $148 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- Income (loss) before income taxes was increased by $35 million for Corporate related to the sale of our ownership interest in an equity method investee and the sale of a portion of our ownership interest in another equity method investee. Refer to Note 2.
- Income (loss) before income taxes was reduced by $484 million for Corporate related to charges associated with the extinguishment of long-term debt. Refer to Note 10.
- Income (loss) before income taxes was reduced by $252 million for Bottling Investments and $38 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees. Refer to Note 16.
- Income (loss) before income taxes was reduced by $145 million for Bottling Investments, $70 million for Latin America and $1 million for North America due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Income (loss) before income taxes was reduced by $26 million for Corporate due to an impairment charge associated with an investment in an equity security without a readily determinable fair value. Refer to Note 16.

In 2019, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $2 million for Europe, Middle East and Africa, $1 million for Latin America, $62 million for North America, $5 million for Bottling Investments and $194 million for Corporate due to the Company's productivity and reinvestment program. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $95 million for Bottling Investments due to costs incurred to refranchise certain of our North America bottling operations.
- Operating income (loss) and income (loss) before income taxes were reduced by $46 million for Corporate related to transaction costs associated with the purchase of Costa, which we acquired in January 2019. Refer to Note 2.
- Operating income (loss) and income (loss) before income taxes were reduced by $42 million for Asia Pacific due to an impairment charge related to a trademark.

- Income (loss) before income taxes was increased by $739 million for Corporate as a result of the sale of a retail and office building in New York City.
- Income (loss) before income taxes was increased by $250 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Income (loss) before income taxes was increased by $73 million for Bottling Investments due to the refranchising of certain bottling operations in India. Refer to Note 2.
- Income (loss) before income taxes was increased by $39 million for Corporate related to the sale of a portion of our ownership interest in Andina. Refer to Note 2.
- Income (loss) before income taxes was reduced by $406 million for Bottling Investments, $255 million for Europe, Middle East and Africa, $57 million for North America and $49 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees.
- Income (loss) before income taxes was reduced by $160 million for Corporate as a result of CCBA asset adjustments. Refer to Note 2.
- Income (loss) before income taxes was reduced by $118 million for Corporate resulting from a net loss in conjunction with our acquisition of the remaining ownership interest in CHI. Refer to Note 2.
- Income (loss) before income taxes was reduced by $105 million for Bottling Investments due to the refranchising of certain bottling territories in North America.
- Income (loss) before income taxes was reduced by $98 million for Bottling Investments and $2 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

NOTE 20: NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided by (used in) operating activities attributable to the net change in operating assets and liabilities was composed of the following (in millions):

Year Ended December 31,		**2021**	2020	2019
(Increase) decrease in trade accounts receivable[1]	**$**	**(225)**	$ 882	$ (158)
(Increase) decrease in inventories		**(135)**	99	(183)
(Increase) decrease in prepaid expenses and other current assets		**(241)**	78	(87)
Increase (decrease) in accounts payable and accrued expenses[2]		**2,843**	(860)	1,318
Increase (decrease) in accrued income taxes[3]		**(566)**	(16)	96
Increase (decrease) in other noncurrent liabilities[4]		**(351)**	507	(620)
Net change in operating assets and liabilities	**$**	**1,325**	$ 690	$ 366

[1] The increase in trade accounts receivable in 2021 was primarily due to improved business performance. The decrease in trade accounts receivable in 2020 was primarily due to the impact of the COVID-19 pandemic and the start of a trade accounts receivable factoring program. Refer to Note 1 for additional information on the factoring program.

[2] The increase in accounts payable and accrued expenses in 2021 was primarily driven by an increase in trade accounts payable, higher marketing accruals, BodyArmor acquisition-related accruals and higher annual incentive accruals. The decrease in accounts payable and accrued expenses in 2020 was primarily driven by the impact of the COVID-19 pandemic and lower annual incentive accruals. Refer to Note 2 for information regarding the BodyArmor acquisition.

[3] The decrease in accrued income taxes in 2021 was primarily driven by increased tax payments in 2021. Refer to Note 14.

[4] The increase in other noncurrent liabilities in 2020 was primarily due to the increase in income tax reserves related to the litigation with the IRS. Refer to Note 11.

REPORT OF MANAGEMENT

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with accounting principles generally accepted in the United States appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this report is consistent with that in the financial statements.

Management of the Company is responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel, and a written Code of Business Conduct adopted by our Company's Board of Directors, applicable to all officers and employees of our Company and subsidiaries. In addition, our Company's Board of Directors adopted a written Code of Business Conduct for Non-Employee Directors which reflects the same principles and values as our Code of Business Conduct for officers and employees but focuses on matters of relevance to non-employee Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"). Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") in *Internal Control—Integrated Framework*. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2021.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of our Company's Board of Directors, subject to ratification by our Company's shareowners. Ernst & Young LLP has audited and reported on the consolidated financial statements of The Coca-Cola Company and subsidiaries and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this report.

Audit Committee's Responsibility

The Audit Committee of our Company's Board of Directors, composed solely of Directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act, and the Company's Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal controls along with auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in the Company's 2022 Proxy Statement.

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James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
February 22, 2022

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John Murphy
Executive Vice President and Chief Financial Officer
February 22, 2022

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Kathy Loveless
Vice President and Controller
February 22, 2022

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Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
February 22, 2022

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 22, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for uncertain tax positions

Description of the Matter

As described in Note 11 and Note 14 to the Company's consolidated financial statements, the Company is involved in various income tax matters for which the ultimate outcomes are uncertain. As of December 31, 2021, the gross amount of unrecognized tax benefits was $906 million. As described in Note 11, on September 17, 2015 the Company received a Statutory Notice of Deficiency from the Internal Revenue Service for the tax years 2007 through 2009 in the amount of $3.3 billion for the period. On November 18, 2020, the U.S. Tax Court issued an opinion predominantly siding with the IRS related to the Company's transfer pricing between its U.S. parent company and certain of its foreign affiliates for tax years 2007 through 2009.

While the Company continues to disagree with the IRS positions and the portions of the opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS could ultimately be upheld. As a result of the application of ASC 740, *Accounting for Income Taxes*, the Company has recorded a tax reserve of $400 million for this matter as of December 31, 2021.

Auditing management's evaluation of uncertain tax positions, including the uncertain tax position associated with the IRS notice and opinion, was especially challenging due to the level of subjectivity and significant judgment associated with the recognition and measurement of the tax positions that are more likely than not to be sustained.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the effectiveness of controls over the Company's accounting process for uncertain tax positions. Our procedures included testing controls addressing the completeness of uncertain tax positions, controls relating to the identification and recognition of the uncertain tax positions, controls over the measurement of the unrecognized tax benefit, and controls over the identification of developments related to existing uncertain tax positions.

Our audit procedures included, among others, evaluating the assumptions the Company used to assess its uncertain tax positions and related unrecognized tax benefit amounts by jurisdiction. We also tested the completeness and accuracy of the underlying data used in the identification and measurement of uncertain tax positions. We evaluated evidence of management's assessment of the opinion, including inquiries of tax counsel, inspection of technical memos, and written representations of management. We involved professionals with specialized skill and knowledge to assist in our evaluation of the tax technical merits of the Company's assessment, including the assessment of whether the tax positions are more likely than not to be sustained, the amount of the potential benefits to be realized, and the application of relevant tax law. We also assessed the Company's disclosure of uncertain tax positions included in Note 11 and Note 14.

Valuation of trademarks with indefinite lives and goodwill

Description of the Matter

As described in Note 1 to the Company's consolidated financial statements, the Company performs an annual impairment test of its indefinite-lived intangible assets, including trademarks with indefinite lives and goodwill, or more frequently if events or circumstances indicate that assets might be impaired. Each impairment test may be qualitative or quantitative. Trademarks with indefinite lives and goodwill were $14.5 billion and $19.4 billion, respectively, as of December 31, 2021.

Auditing the valuation of trademarks with indefinite lives and reporting units with goodwill involved complex judgment due to the significant estimation required in determining the fair value of the trademarks with indefinite lives and related reporting units with goodwill, respectively. Specifically, the fair value estimates were sensitive to significant assumptions about future market and economic conditions. Significant assumptions used in the Company's fair value estimates included sales volume, pricing, royalty rates, long-term growth rates, and cost of capital, as applicable.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's annual impairment tests for trademarks with indefinite lives and reporting units with goodwill. For example, we tested management's risk assessment process to determine whether to perform a quantitative or qualitative test and management's review controls over the valuation models and underlying assumptions used to develop such estimates. For impairment tests of reporting units with goodwill, we also tested controls over the determination of the carrying value of the reporting units. We tested the estimated fair values of the trademarks with indefinite lives and reporting units with goodwill based on our risk assessments.

Our audit procedures included, among others, comparing significant judgmental inputs to observable third party and industry sources, considering other observable market transactions, and evaluating the reasonableness of management's projected financial information by comparing to third party industry projections, third party economic growth projections, and other internal and external data. We performed sensitivity analyses of certain significant assumptions to evaluate the change in the fair value of the trademarks with indefinite lives and reporting units with goodwill and also assessed the historical accuracy of management's estimates. In addition, we involved specialists to assist in our evaluation of certain significant assumptions used in the Company's discounted cash flow analyses. We also assessed the Company's disclosure of its annual impairment tests included in Note 1.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1921.

Atlanta, Georgia
February 22, 2022

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on Internal Control over Financial Reporting

We have audited The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Coca-Cola Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated February 22, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 22, 2022

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2021.

Report of Management on Internal Control Over Financial Reporting and Attestation Report of Independent Registered Public Accounting Firm

The report of management on our internal control over financial reporting as of December 31, 2021 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, "Item 8. Financial Statements and Supplementary Data" in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information with respect to Directors under the subheadings "Item 1 Election of Directors," "Board Membership Criteria," "Director Nomination Process" and "Biographical Information About Our Director Nominees" under the principal heading "Governance," the information regarding the Codes of Business Conduct under the subheading "Additional Governance Matters" under the principal heading "Governance," and the information regarding the Audit Committee under the subheading "Board and Committee Governance" under the principal heading "Governance" in the Company's 2022 Proxy Statement are incorporated herein by reference. See Item X in Part I of this report for information regarding executive officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The information under the subheading "Director Compensation" under the principal heading "Governance," the information under the subheadings "Compensation Discussion and Analysis," "Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," "Compensation Tables," "Payments on Termination or Change in Control" and "Pay Ratio Disclosure" under the principal heading "Compensation," and the information under the subheading "Annex B — Summary of Plans" under the principal heading "Annexes" in the Company's 2022 Proxy Statement are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the subheading “Equity Compensation Plan Information” under the principal heading “Compensation” and the information under the principal heading “Share Ownership” in the Company’s 2022 Proxy Statement are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the subheading "Director Independence and Related Person Transactions" under the principal heading
"Governance" in the Company's 2022 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors under the subheading "Item 3 Ratification of the Appointment of Ernst & Young LLP as Independent Auditors" under the principal heading "Audit Matters" in the Company's 2022 Proxy Statement is incorporated herein by reference.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements:

Consolidated Statements of Income — Years Ended December 31, 2021, 2020 and 2019.

Consolidated Statements of Comprehensive Income — Years Ended December 31, 2021, 2020 and 2019.

Consolidated Balance Sheets — December 31, 2021 and 2020.

Consolidated Statements of Cash Flows — Years Ended December 31, 2021, 2020 and 2019.

Consolidated Statements of Shareowners' Equity — Years Ended December 31, 2021, 2020 and 2019.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.

2. Financial Statement Schedules:

The schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission ("SEC") are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits:

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations, warranties, covenants and conditions by or of each of the parties to the applicable agreement. These representations, warranties, covenants and conditions have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

EXHIBIT INDEX

(With regard to applicable cross-references in the list of exhibits below, the Company's Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-02217; and Coca-Cola Refreshments USA, Inc.'s (formerly known as Coca-Cola Enterprises Inc.) Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-09300).

3.1	Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, dated July 27, 2012 — incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.
3.2	By-Laws of the Company, as amended and restated through April 22, 2020 — incorporated herein by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.
4.1	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.
4.3	Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.4	First Supplemental Indenture, dated as of February 24, 1992, to Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.5	Second Supplemental Indenture, dated as of November 1, 2007, to Amended and Restated Indenture, dated as of April 26, 1988, as amended, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.6	Form of Note for 1.875% Notes due 2026 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 19, 2014.
4.7	Form of Note for 1.125% Notes due 2027 — incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.8	Form of Note for 1.625% Notes due 2035 — incorporated herein by reference to Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.9	Form of Note for 1.100% Notes due 2036 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 2, 2016.
4.10	Form of Note for 0.500% Notes due 2024 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.11	Form of Note for 2.900% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.12	Form of Note for 1.750% Notes due 2024 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September, 9, 2019.
4.13	Form of Note for 2.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 9, 2019.
4.14	Form of Note for 3.375% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.15	Form of Note for 3.450% Notes due 2030 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.16	Form of Note for 4.125% Notes due 2040 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.17	Form of Note for 4.200% Notes due 2050 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.18	Form of Note for 1.450% Notes due 2027 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.19	Form of Note for 1.650% Notes due 2030 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 4, 2020.

4.20	Form of Note for 2.500% Notes due 2040 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.21	Form of Note for 2.600% Notes due 2050 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.22	Form of Note for 2.750% Notes due 2060 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.23	Form of Note for 0.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.24	Form of Note for 0.375% Notes due 2033 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.25	Form of Note for 0.800% Notes due 2040 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.26	Form of Note for 1.000% Notes due 2028 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.27	Form of Note for 1.375% Notes due 2031 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.28	Form of Note for 2.500% Notes due 2051 — incorporated herein by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.29	Form of Note for 1.500% Notes due 2028 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on March 5, 2021.
4.30	Form of Note for 2.000% Notes due 2031 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 5, 2021.
4.31	Form of Note for 0.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on March 9, 2021.
4.32	Form of Note for 0.500% Notes due 2033 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 9, 2021.
4.33	Form of Note for 1.000% Notes due 2041 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 9, 2021.
4.34	Form of Note for 2.250% Notes due 2032 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 5, 2021.
4.35	Form of Note for 2.875% Notes due 2041 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 5, 2021.
4.36	Form of Note for 3.000% Notes due 2051 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 5, 2021.
4.37	Form of Note for 0.950% Notes due 2036 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 6, 2021.
4.38	Form of Note for 0.400% Notes due 2030 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 17, 2021.
4.39	Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated July 30, 1991.
4.40	First Supplemental Indenture, dated as of January 29, 1992, to the Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee —incorporated herein by reference to Exhibit 4.01 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated January 29, 1992.
4.41	Second Supplemental Indenture, dated as of June 22, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated June 23, 2017.
4.42	Third Supplemental Indenture, dated as of July 5, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 6, 2017.
10.1	Performance Incentive Plan of The Coca-Cola Company, as amended and restated as of January 1, 2021 — incorporated herein by reference to Exhibit 10.1 to the Company's

10.2	The Coca-Cola Company 1999 Stock Option Plan, as amended and restated through February 20, 2013 (the "1999 Stock Option Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.2.1	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3	The Coca-Cola Company 2008 Stock Option Plan, as amended and restated, effective February 20, 2013 (the "2008 Stock Option Plan") — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.3.1	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3.2	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 19, 2014— incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.4	The Coca-Cola Company 1989 Restricted Stock Award Plan, as amended and restated through February 19, 2014 (the "1989 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.4.1	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.4.2	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.4.3	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.5.1	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.5.2	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.5.3	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.5.4	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.5.5	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 —incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.5.6	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.5.7	Form of Restricted Stock Unit Agreement-Retention Award for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.5.8	Clawback Policy for Awards under The Coca-Cola Company Performance Incentive Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.5.9	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*

10.5.10	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.5.11	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.5.12	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.5.13	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.5.14	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 19, 2020 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.5.15	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 19, 2020 —incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.5.16	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 19, 2020 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.5.17	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of January 1, 2021 — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on December 8, 2020.*
10.5.18	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2021 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2021.*
10.5.19	Form of Performance Share (Emerging Stronger) Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2021 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2021.*
10.5.20	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2021 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2021.*
10.5.21	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2021 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2021.*
10.6	The Coca-Cola Company Supplemental Pension Plan, amended and restated effective January 1, 2010 (the "Supplemental Pension Plan") — incorporated herein by reference to Exhibit 10.10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.6.1	Amendment One to the Supplemental Pension Plan, effective December 31, 2012, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.6.2	Amendment Two to the Supplemental Pension Plan, effective April 1, 2013, dated March 19, 2013 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*
10.6.3	Amendment Three to the Supplemental Pension Plan, effective January 1, 2010, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.6.4	Amendment Four to the Supplemental Pension Plan, effective June 1, 2017, dated June 29, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.6.5	Amendment Five to the Supplemental Pension Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.6.6	Amendment Six to the Supplemental Pension Plan, dated December 9, 2020 — incorporated herein by reference to Exhibit 10.8.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.*

10.7	The Coca-Cola Company Supplemental 401(k) Plan (f/k/a the Supplemental Thrift Plan of the Company), amended and restated effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.7.1	Amendment One to The Coca-Cola Company Supplemental 401(k) Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.7.2	Amendment Two to The Coca-Cola Company Supplemental 401(k) Plan, dated December 9, 2020 — incorporated herein by reference to Exhibit 10.9.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.*
10.8	The Coca-Cola Company Supplemental Cash Balance Plan, effective January 1, 2012 (the "Supplemental Cash Balance Plan") — incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.8.1	Amendment One to the Supplemental Cash Balance Plan, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.12.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.8.2	Amendment Two to the Supplemental Cash Balance Plan, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.8.3	Amendment Three to the Supplemental Cash Balance Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.8.4	Amendment Four to the Supplemental Cash Balance Plan, dated December 9, 2020 — incorporated herein by reference to Exhibit 10.11.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.*
10.9	The Coca-Cola Company Directors' Plan, amended and restated on December 13, 2012, effective January 1, 2013 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.9.1	The Coca-Cola Company Directors' Plan, amended and restated on February 21, 2019, effective April 24, 2019 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2019.*
10.9.2	The Coca-Cola Company Directors' Plan, amended and restated on October 17, 2019, effective January 1, 2020 — incorporated herein by reference to Exhibit 10.11.2 to the Company's Annual Report on form 10-K for the year ended December 31, 2019.*
10.10	Deferred Compensation Plan of the Company, as amended and restated December 8, 2010 (the "Deferred Compensation Plan") — incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.*
10.10.1	Amendment Number One to the Deferred Compensation Plan, effective January 1, 2016 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*
10.10.2	Amendment Number Two to the Deferred Compensation Plan, dated October 24, 2016 — incorporated herein by reference to Exhibit 10.13.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.11	The Coca-Cola Export Corporation Employee Share Plan, effective as of March 13, 2002 — incorporated herein by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.*
10.12	The Coca-Cola Company Benefits Plan for Members of the Board of Directors, as amended and restated through April 14, 2004 (the "Benefits Plan for Members of the Board of Directors") — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.*
10.12.1	Amendment Number One to the Benefits Plan for Members of the Board of Directors, dated December 16, 2005 — incorporated herein by reference to Exhibit 10.31.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005.*
10.13	The Coca-Cola Company Severance Pay Plan, as amended and restated effective January 1, 2020 (the "Severance Pay Plan") — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*

10.13.1	Amendment One to the Severance Pay Plan, dated May 29, 2020 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 26, 2020.*
10.13.2	Amendment Two to the Severance Pay Plan, dated December 9, 2020 — incorporated herein by reference to Exhibit 10.16.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.*
10.13.3	Amendment Three to the Severance Pay Plan, dated September 22, 2021.*
10.13.4	Amendment Four to the Severance Pay Plan, dated December 15, 2021.*
10.14	Order Instituting Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 — incorporated herein by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.15	Offer of Settlement of The Coca-Cola Company — incorporated herein by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.16	Letter, dated July 17, 2008, to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2008.*
10.16.1	Letter, dated April 27, 2017, from the Company to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.17	The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007 (the "TCCEC Overseas Retirement Plan") — incorporated herein by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.*
10.17.1	Amendment Number One to the TCCEC Overseas Retirement Plan, dated September 29, 2011 — incorporated herein by reference to Exhibit 10.34.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.17.2	Amendment Number Two to the TCCEC Overseas Retirement Plan, dated November 14, 2011 — incorporated herein by reference to Exhibit 10.34.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.17.3	Amendment Number Three to the TCCEC Overseas Retirement Plan, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.*
10.17.4	Amendment Number Four to the TCCEC Overseas Retirement Plan, dated November 18, 2014 — incorporated herein by reference to Exhibit 10.21.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.18	The Coca-Cola Export Corporation International Thrift Plan, as amended and restated, effective January 1, 2011 (the "TCCEC Thrift Plan") — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2011.*
10.18.1	Amendment Number One to the TCCEC Thrift Plan, dated September 20, 2011 — incorporated herein by reference to Exhibit 10.35.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.18.2	Amendment Number Two to the TCCEC Thrift Plan, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.*
10.19	The Coca-Cola Export Corporation Mobile Employees Retirement Plan, effective January 1, 2012 — incorporated herein by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.20	Letter, dated May 18, 2016, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.20.1	Letter, dated October 18, 2018, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.21	Letter, dated September 11, 2012, from the Company to Nathan Kalumbu — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.22	Letter, dated April 24, 2014, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2014.*
10.22.1	Letter, dated March 22, 2017, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.22.2	Letter, dated October 17, 2018, from the Company to Kathy N. Waller — incorporated

10.23	Letter, dated February 19, 2015, from the Company to Ed Hays — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2015.*
10.24	Letter, dated August 12, 2015, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 13, 2015.*
10.24.1	Letter, dated April 27, 2017, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.25	Letter, dated May 18, 2016, from the Company to Mario Alfredo Rivera Garcia — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.26	Letter, dated October 19, 2016, from the Company to Barry Simpson — incorporated herein by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.27	Letter, dated October 26, 2016, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.27.1	Letter, dated October 18, 2018, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.28	Letter, dated March 22, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.28.1	Deferred Cash Agreement, dated December 7, 2016, between Servicios Integrados de Administracion y Alta Gerencia, Sociedad de Responsabilidad Limitada de Capital Variable and Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.47.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.28.2	Letter, dated June 5, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.28.3	Letter, dated February 14, 2018, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.28.4	Letter, dated November 18, 2019, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.40.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.*
10.29	Letter, dated March 22, 2017, from the Company to Beatriz R. Perez — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.30	Letter, dated March 22, 2017, from the Company to Jennifer K. Mann — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.30.1	Letter, dated December 11, 2019, from the Company to Jennifer K. Mann — incorporated herein by reference to Exhibit 10.42.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.*
10.31	Letter, dated March 24, 2017, from the Company to Robert E. Long — incorporated herein by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.32	Letter, dated April 27, 2017, from the Company to Mark Randazza — incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.33	Letter, dated October 23, 2017, from the Company to James Dinkins — incorporated herein by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.*
10.33.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and James Dinkins, dated August 20, 2020 — incorporated herein by reference to the Company's Current Report on Form 8-K filed on August 24, 2020.*
10.34	Letter, dated October 17, 2018, from the Company to Manuel Arroyo — incorporated herein by reference to Exhibit 10.54 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.*
10.35	Letter, dated October 17, 2018, from the Company to Nikolaos Koumettis, as further supplemented by Letter, dated February 1, 2019 — incorporated herein by reference to

10.38	Letter, dated February 19, 2020, from the Company to Kathy Loveless — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.39	Letter, dated July 15, 2020, from the Company to Bradley Gayton — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 25, 2020.*
10.39.1	Consulting Agreement between The Coca-Cola Company and Bradley M. Gayton, dated April 20, 2021 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 21, 2021.*
10.40	Letter, dated September 14, 2020, from the Company to Henrique Braun — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 25, 2020.*
10.41	Letter, dated April 23, 2021, from the Company to Monica Howard Douglas — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2021.*
21.1	List of subsidiaries of the Company as of December 31, 2021.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney of Officers and Directors signing this report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by James R. Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
32.1	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 James R. Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company, and by John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
101	The following financial information from The Coca-Cola Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019, (iii) Consolidated Balance Sheets as of December 31, 2021 and 2020, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019, (v) Consolidated Statements of Shareowners' Equity for the years ended December 31, 2021, 2020 and 2019, and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the iXBRL document).

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

Signatures

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

THE COCA-COLA COMPANY
(Registrant)

By: /s/ JAMES QUINCEY
James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
Date: February 22, 2022

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

/s/ JAMES QUINCEY
James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)
February 22, 2022

/s/ JOHN MURPHY
John Murphy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 22, 2022

/s/ KATHY LOVELESS
Kathy Loveless
Vice President and Controller
(On behalf of the Registrant)
February 22, 2022

/s/ MARK RANDAZZA
Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
(Principal Accounting Officer)
February 22, 2022

*
Herbert A. Allen III
Director
February 22, 2022

*
Christopher C. Davis
Director
February 22, 2022

*
Marc Bolland
Director
February 22, 2022

*
Barry Diller
Director
February 22, 2022

*
Ana Botín
Director
February 22, 2022

*
Helene D. Gayle
Director
February 22, 2022

*	*
Alexis M. Herman Director February 22, 2022	Caroline J. Tsay Director February 22, 2022
*	*
Robert A. Kotick Director February 22, 2022	David B. Weinberg Director February 22, 2022
*	
Maria Elena Lagomasino Director February 22, 2022	

*By: /s/ JENNIFER MANNING

Jennifer Manning
Attorney-in-fact

February 22, 2022

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

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 Number 001-02217

ko-20201231_g1.jpg

(Exact name of Registrant as specified in its charter)

Delaware	**58-062846**
(State or other jurisdiction of incorporation)	(I.R.S. Empl Identification

One Coca-Cola Plaza
Atlanta, Georgia **30313**
(Address of principal executive offices) (Zip Code

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name w
Common Stock, $0.25 Par Value	KO	New Y
Floating Rate Notes Due 2021	KO21C	New Y
0.75% Notes Due 2023	KO23B	New Y
0.500% Notes Due 2024	KO24	New Y
1.875% Notes Due 2026	KO26	New Y
0.750% Notes Due 2026	KO26C	New Y
1.125% Notes Due 2027	KO27	New Y
0.125% Notes Due 2029	KO29A	New Y
1.250% Notes Due 2031	KO31	New Y
0.375% Notes Due 2033	KO33	New Y
1.625% Notes Due 2035	KO35	New Y
1.100% Notes Due 2036	KO36	New Y
0.800% Notes Due 2040	KO40B	New Y

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and Directors are "affiliates" of the Registrant) as of June 26, 2020, the last business day of the Registrant's most recently completed second fiscal quarter, was $185,656,336,397 (based on the closing sale price of the Registrant's Common Stock on that date as reported on the New York Stock Exchange).

The number of shares outstanding of the Registrant's Common Stock as of February 22, 2021 was 4,309,311,676.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the Annual Meeting of Shareowners to be held on April 20, 2021 are incorporated by reference in Part III.

THE COCA-COLA COMPANY AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that 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 views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause our Company's actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the possibility that the assumptions used to calculate our estimated aggregate incremental tax and interest liability related to the potential unfavorable outcome of the ongoing tax dispute with the United States Internal Revenue Service could significantly change; those described in Part I, "Item 1A. Risk Factors" and elsewhere in this report; and those described from time to time in our future reports filed with the Securities and Exchange Commission.

Part I

ITEM 1. BUSINESS

In this report, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

General

The Coca-Cola Company is a total beverage company, and beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories. We own or license and market numerous nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as our consolidated bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Beverages bearing trademarks owned by or licensed to the Company account for 1.9 billion of the approximately 62 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

We are guided by our purpose, which is to refresh the world and make a difference, and rooted in our strategy to drive net operating revenue growth and generate long-term value. We are determined to emerge from the COVID-19 pandemic a better and stronger company.

The vision for our next stage of growth has three connected pillars:

- Loved Brands. We craft meaningful brands and a choice of drinks that people love and that refresh them in body and spirit.
- Done Sustainably. We use our leadership to be part of the solution to achieve positive change in the world and to build a more sustainable future for our planet.
- For A Better Shared Future. We invest to improve people’s lives, from our employees to all those who touch our business system, to our investors, to the broad communities we call home.

We were incorporated in September 1919 under the laws of the State of Delaware and succeeded to the business of a Georgia corporation with the same name that had been organized in 1892.

Operating Segments

The Company's operating structure is the basis for our internal financial reporting. Our operating structure includes the following operating segments, which are sometimes referred to as "operating groups" or "groups":

- Europe, Middle East and Africa
- Latin America
- North America
- Asia Pacific
- Global Ventures
- Bottling Investments

Our operating structure also includes Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance; and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

For additional information about our operating segments and Corporate, refer to Note 19 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report.

Except to the extent that differences among operating segments are material to an understanding of our business taken as a whole, the description of our business in this report is presented on a consolidated basis.

Products and Brands

As used in this report:

- "concentrates" means flavorings and other ingredients which, when combined with water and, depending on the product, sweeteners (nutritive or non-nutritive) are used to prepare syrups or finished beverages, and includes powders/minerals for purified water products;
- "syrups" means an intermediate product in the beverage manufacturing process produced by combining concentrates with water and, depending on the product, sweeteners (nutritive or non-nutritive);
- "fountain syrups" means syrups that are sold to fountain retailers, such as restaurants and convenience stores, which use dispensing equipment to mix the syrups with sparkling or still water at the time of purchase to produce finished beverages that are served in cups or glasses for immediate consumption;
- "Company Trademark Beverages" means beverages bearing our trademarks and certain other beverage products bearing trademarks licensed to us by third parties for which we provide marketing support and from the sale of which we derive economic benefit; and
- "Trademark Coca-Cola Beverages" or "Trademark Coca-Cola" means beverages bearing the trademark Coca-Cola or any trademark that includes Coca-Cola or Coke (that is, Coca-Cola, Coca-Cola Life, Diet Coke/Coca-Cola Light and Coca-Cola Zero Sugar and all their variations and any line extensions, including caffeine free Diet Coke, Cherry Coke, etc.). Likewise, when we use the capitalized word "Trademark" together with the name of one of our other beverage products (such as "Trademark Fanta," "Trademark Sprite" or "Trademark Simply"), we mean beverages bearing the indicated trademark (that is, Fanta, Sprite or Simply, respectively) and all its variations and line extensions (such that "Trademark Fanta" includes Fanta Orange, Fanta Zero Orange, Fanta Apple, etc.; "Trademark Sprite" includes Sprite, Diet Sprite, Sprite Zero, Sprite Light, etc.; and "Trademark Simply" includes Simply Orange, Simply Apple, Simply Grapefruit, etc.).

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and
- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

Our concentrate operations typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with sweeteners (depending on the product), still water or sparkling water, or

combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers, or to distributors and wholesalers who in turn sell the beverages to retailers. These operations consist primarily of our consolidated bottling and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. Additionally, we sell directly to consumers through retail outlets operated by Costa Limited ("Costa"), which is included in our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who in turn sell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

For information regarding net operating revenues and unit case volume related to our concentrate operations and finished product operations, refer to the heading "Our Business — General" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

For information regarding how we measure the volume of Company beverage products sold by the Company and our bottling partners ("Coca-Cola system"), refer to the heading "Operations Review — Beverage Volume" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

We own and market numerous valuable beverage brands, including the following:

- sparkling soft drinks: Coca-Cola, Diet Coke/Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Fresca, Schweppes,[*] Sprite, and Thums Up;
- water, enhanced water and sports drinks: Aquarius, Ciel, Dasani, glacéau smartwater, glacéau vitaminwater, Ice Dew, I LOHAS, Powerade, and Topo Chico;
- juice, dairy and plant-based beverages: AdeS, Del Valle, fairlife, innocent, Minute Maid, Minute Maid Pulpy, and Simply; and
- tea and coffee: Ayataka, Costa, doğadan, FUZE TEA, Georgia, Gold Peak, HONEST TEA, and Kochakaden.

[*] Schweppes is owned by the Company in certain countries other than the United States.

In addition to the beverage brands we own, we also provide marketing support and otherwise participate in the sales of other nonalcoholic beverage brands through licenses, joint ventures and strategic partnerships, including, but not limited to, the following:

- Certain Coca-Cola system bottlers distribute certain brands of Monster Beverage Corporation ("Monster"), primarily Monster Energy, in designated territories in the United States, Canada and other international territories pursuant to distribution coordination agreements between the Company and Monster and related distribution agreements between Monster and Coca-Cola system bottlers.
- We have a strategic partnership with Aujan Industries Company J.S.C. ("Aujan"), one of the largest independent beverage companies in the Middle East. We own 50 percent of the entity that holds the rights in certain territories to brands produced and distributed by Aujan, including Rani, a juice brand, and Barbican, a flavored malt beverage brand.

Consumer demand determines the optimal menu of Company product offerings. Consumer demand can vary from one market to another and can change over time within a single market. Employing our business strategy, our

Company seeks to further optimize its portfolio of brands, products and services in order to create and satisfy consumer demand in every market.

Distribution System

We make our branded beverage products available to consumers in more than 200 countries and territories through our network of independent bottling partners, distributors, wholesalers and retailers as well as our consolidated bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Consumers enjoy finished beverage products bearing trademarks owned by or licensed to us at a rate of 1.9 billion servings each day. Our strong and stable bottling and distribution system helps us to capture growth by manufacturing, distributing and selling existing, enhanced and new innovative products to consumers throughout the world.

The Coca-Cola system sold 29.0 billion, 30.3 billion and 29.6 billion unit cases of our products in 2020, 2019 and 2018, respectively. In 2019, with the exception of ready-to-drink products, the Company did not report unit case volume for Costa, a component of the Global Ventures operating segment. However, unit case volume reported in 2020 includes both Costa ready-to-drink and non-ready-to-drink products.

Sparkling soft drinks represented 69 percent of our worldwide unit case volume in 2020, 2019 and 2018. Trademark Coca-Cola accounted for 47 percent, 45 percent and 45 percent of our worldwide unit case volume in 2020, 2019 and 2018, respectively. In 2020, unit case volume in the United States represented 18 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 61 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume. Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume for 2020. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and Japan, which together accounted for 32 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 71 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 48 percent of non-U.S. unit case volume.

Our five largest independent bottling partners based on unit case volume in 2020 were as follows:

- Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), which has bottling and distribution operations in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (nationwide), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul, the state of Paraná, the state of Santa Catarina, part of the state of Rio Grande do Sul, part of the state of Goiás, part of the state of Rio de Janeiro and part of the state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and Uruguay (nationwide);
- Coca-Cola European Partners plc ("CCEP"), which has bottling and distribution operations in Andorra, Belgium, continental France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden;
- Coca-Cola HBC AG ("Coca-Cola Hellenic"), which has bottling and distribution operations in Armenia, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Moldova, Montenegro, Nigeria, North Macedonia, Northern Ireland, Poland, Republic of Ireland, Romania, the Russian Federation, Serbia, Slovakia, Slovenia, Switzerland and Ukraine;
- Arca Continental, S.A.B. de C.V., which has bottling and distribution operations in northern and western Mexico, northern Argentina, Ecuador, Peru, and the state of Texas and parts of the states of New Mexico, Oklahoma and Arkansas in the United States; and
- Swire Beverages, which has bottling and distribution operations in 11 provinces and the Shanghai Municipality in the eastern and southern areas of mainland China, Hong Kong, Taiwan, and territories in 13 states in the western United States.

In 2020, these five bottling partners combined represented 40 percent of our total worldwide unit case volume.

Being a bottler does not create a legal partnership or joint venture between us and our bottlers. Our bottlers are independent contractors and are not our agents.

Bottler's Agreements

We have separate contracts, to which we generally refer as "bottler's agreements," with our bottling partners under which our bottling partners are granted certain authorizations by us. Subject to specified terms and conditions and certain variations, the bottler's agreements generally authorize the bottlers to prepare, package, distribute and sell Company Trademark Beverages in authorized containers in (but, subject to applicable local law, generally only in) an

identified territory. The bottler is obligated to purchase its entire requirement of concentrates or syrups for the designated Company Trademark Beverages from the Company or Company-authorized suppliers. We typically agree to refrain from selling or distributing, or from authorizing third parties to sell or distribute, the designated Company Trademark Beverages throughout the identified territory in the particular authorized

containers; however, we typically reserve for ourselves or our designee the right (1) to prepare and package such Company Trademark Beverages in such containers in the territory for sale outside the territory; (2) to prepare, package, distribute and sell such Company Trademark Beverages in the territory in any other manner or form (territorial restrictions on bottlers vary in some cases in accordance with local law); and (3) to handle certain key accounts (accounts that cover multiple territories).

While under most of our bottler's agreements we generally have complete flexibility to determine the price and other terms of sale of the concentrates and syrups we sell to our bottlers, as a practical matter, our Company's ability to exercise its contractual flexibility to determine the price and other terms of sale of concentrates and syrups is subject, both outside and within the United States, to competitive market conditions. In addition, in some instances we have agreed or may in the future agree with a bottler with respect to concentrate pricing on a prospective basis for specified time periods. Also, in most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrate are sold, and package mix.

As further discussed below, our bottler's agreements for territories outside the United States differ in some respects from our bottler's agreements for territories within the United States.

Bottler's Agreements Outside the United States

Bottler's agreements between us and our authorized bottlers outside the United States generally are of stated duration, subject in some cases to possible extensions or renewals. Generally, these bottler's agreements are subject to termination by the Company following the occurrence of certain designated events, including defined events of default and certain changes in ownership or control of the bottlers. Most of the bottler's agreements in force between us and bottlers outside the United States authorize the bottlers to manufacture and distribute fountain syrups, usually on a nonexclusive basis.

In certain parts of the world outside the United States, we have not granted comprehensive beverage production and distribution rights to the bottlers. In such instances, we have authorized certain bottlers to (1) prepare and package Company Trademark Beverages for sale to other bottlers or (2) purchase Company Trademark Beverages from other bottlers for sale and distribution throughout their respective designated territories, often on a nonexclusive basis.

Bottler's Agreements Within the United States

In the United States, most bottlers operate under a contract to which we generally refer as a "Comprehensive Beverage Agreement" ("CBA") that is of stated duration, subject in most cases to renewal rights of bottlers and in some cases to renewal rights of the Company. A small number of bottlers continue to operate under legacy bottler's agreements with no stated expiration date for Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. In all instances, the bottler's agreements in the United States are subject to termination by the Company for nonperformance or upon the occurrence of certain defined events of default that may vary from contract to contract.

Certain U.S. bottlers have been granted certain additional exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage brands (as defined by the CBAs). We refer to these bottlers as expanding participating bottlers or "EPBs." EPBs operate under CBAs ("EPB CBAs") under which the Company generally retained the rights to produce the applicable beverage products for territories not covered by specific manufacturing agreements, and such bottlers purchase from the Company (or from Company-authorized manufacturing bottlers) substantially all of the finished beverage products needed in order to service the customers in these territories. The EPB CBA has a term of 10 years and is renewable, in most cases by the bottler, and in some cases by the Company, indefinitely for successive additional terms of 10 years each and includes additional requirements that provide for, among other things, a binding national governance model, mandatory incidence pricing and certain core performance requirements. The Company also entered into manufacturing agreements that authorize certain EPBs that have executed EPB CBAs to manufacture certain beverage products for their own account and for supply to other bottlers.

In addition, certain U.S. bottlers that were not granted additional exclusive territory rights, which we refer to as participating bottlers ("PBs"), converted their legacy bottler's agreements to CBAs, to which we refer as "PB CBAs," each of which has a term of 10 years, is renewable by the bottler indefinitely for successive additional terms of 10 years each, and is substantially similar in most material respects to the EPB CBAs, including with respect to

requirements for a binding national governance model and mandatory incidence pricing, but includes core performance requirements that vary in certain respects from those in the EPB CBAs.

Those bottlers that have not signed CBAs continue to operate under legacy bottler's agreements that include pricing formulas that generally provide for a baseline price for certain Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. This baseline price may be adjusted periodically by the Company, up to a maximum indexed ceiling

price, and is adjusted quarterly based upon changes in certain sugar or sweetener prices, as applicable. The U.S. unit case volume prepared, packaged, sold and distributed under these legacy bottler's agreements is not material.

Under the terms of the bottler's agreements, bottlers in the United States generally are not authorized to manufacture fountain syrups. Rather, the Company manufactures and sells fountain syrups to authorized fountain wholesalers (including certain authorized bottlers) and some fountain retailers. These wholesalers in turn sell the syrups, or deliver them on our behalf, to restaurants and other retailers.

Promotions and Marketing Programs

In addition to conducting our own independent advertising and marketing activities, we may provide promotional and marketing support and/or funds to our bottlers. In most cases, we do this on a discretionary basis under the terms of commitment letters or agreements, even though we are not obligated to do so under the terms of the bottler's agreements between our Company and the bottlers. Also, on a discretionary basis in most cases, our Company may develop and introduce new products, packages and equipment to assist the bottlers. Likewise, in many instances, we provide promotional and marketing support and/or funds and/or dispensing equipment and repair services to fountain and bottle/can retailers, typically pursuant to marketing agreements. The aggregate amount provided by our Company to bottlers, resellers and other customers of our Company's products, principally for participation in promotional and marketing programs, was $4.1 billion in 2020.

Investments in Bottling Operations

Most of our branded beverage products are prepared, packaged, sold and distributed by independent bottling partners. However, from time to time we acquire or take control of a bottling operation, often in underperforming markets where we believe we can use our resources and expertise to improve performance. Owning a bottling operation enables us to compensate for limited local resources; help focus the bottler's sales and marketing programs; assist in the development of the bottler's business and information systems; and establish an appropriate capital structure for the bottler. In line with our long-term bottling strategy, we may periodically consider options for divesting or reducing our ownership interest in a consolidated bottling operation, typically by selling all or a portion of our interest in the bottling operation to an independent bottler to improve Coca-Cola system efficiency. When we sell a consolidated bottling operation to an independent bottling partner in which we have an equity method investment, our Company continues to participate in the bottler's results of operations through our share of the equity method investee's earnings or losses.

In addition, from time to time we make equity investments representing noncontrolling interests in selected bottling operations with the intention of maximizing the strength and efficiency of the Coca-Cola system's production, marketing, sales and distribution capabilities around the world by providing expertise and resources to strengthen those businesses. These investments are intended to result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased sales for our Company's concentrate business. When our equity investment provides us with the ability to exercise significant influence over the investee bottler's operating and financial policies, we account for the investment under the equity method.

Seasonality

Sales of our nonalcoholic ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

Competition

The nonalcoholic and alcoholic beverage segments of the commercial beverage industry are highly competitive, consisting of numerous companies ranging from small or emerging to very large and well established. These include companies that, like our Company, compete globally in multiple geographic areas, as well as businesses that are primarily regional or local in operation. Competitive products include numerous nonalcoholic sparkling soft drinks; various water products, including flavored and enhanced waters; juices and nectars; fruit drinks and dilutables (including syrups and powdered drinks); coffees and teas; energy drinks; sports and other performance-enhancing hydration beverages; milk and other dairy-based drinks; functional beverages, including vitamin-based products and relaxation beverages; and various other nonalcoholic beverages. These competitive products are sold to consumers in both ready-to-drink and non-ready-to-drink form. The Company has directly entered the alcoholic beverage segment in numerous markets outside the United States. In the United States, the Company has chosen to authorize alcohol-licensed third parties to use certain of its brands on alcoholic beverages. Competitive products include all flavored alcoholic beverages of varying alcoholic bases. In many of the countries in which we do business, PepsiCo, Inc., is a

primary competitor. Other significant competitors include, but are not limited to, Nestlé S.A., Keurig Dr Pepper Inc., Groupe Danone, The Kraft Heinz Company, Suntory Beverage & Food Limited, Unilever, AB InBev, Constellation Brands, Kirin Holdings, Heineken Holdings and Diageo. We also compete against numerous regional and local companies and, increasingly, against smaller companies that are developing micro brands and selling them directly to consumers through e-commerce retailers and other e-commerce platforms. In addition, in some markets, we compete against retailers that have developed their own store or private-label beverage brands.

Competitive factors impacting our business include, but are not limited to, pricing, advertising, sales promotion programs, in-store displays and point-of-sale marketing, digital marking, product and ingredient innovation, increased efficiency in production techniques, the introduction of new packaging, new vending and dispensing equipment, contracting with marketing assets (theaters, sports arenas, universities, etc.) and brand and trademark development and protection.

Our competitive strengths include leading brands with high levels of consumer recognition and loyalty; a worldwide network of bottlers and distributors of Company products; sophisticated marketing capabilities; and a talented group of dedicated associates. Our competitive challenges include strong competition across both nonalcoholic and alcoholic beverages in all geographic regions; in many countries, a concentrated retail sector with powerful buyers able to freely choose among Company products, products of competitive beverage suppliers and individual retailers' own store or private-label beverage brands; new industry entrants; and dramatic shifts in consumer shopping methods and patterns due to a rapidly evolving digital landscape.

Raw Materials

Water is a main ingredient in substantially all of our products. While historically we have not experienced significant water supply difficulties, water is a limited natural resource in many parts of the world, and our Company recognizes water availability, quality and sustainability, for both our operations and also the communities where we operate, as one of the key challenges facing our business.

In addition to water, the principal raw materials used in our business are nutritive and non-nutritive sweeteners. In the United States, the principal nutritive sweetener is high fructose corn syrup ("HFCS"), which is nutritionally equivalent to sugar. HFCS is available from numerous domestic sources and has historically been subject to fluctuations in its market price. The principal nutritive sweetener used by our business outside the United States is sucrose, i.e., table sugar, which is also available from numerous sources and has historically been subject to fluctuations in its market price. Our Company generally has not experienced any difficulties in obtaining its requirements for nutritive sweeteners. In the United States, we purchase HFCS to meet our and our bottlers' requirements with the assistance of Coca-Cola Bottlers' Sales & Services Company LLC ("CCBSS"). CCBSS is a limited liability company that is owned by authorized Coca-Cola bottlers doing business in the United States. Among other things, CCBSS provides procurement services to our Company and to our bottling partners for the purchase of various goods and services in the United States, including HFCS.

The principal non-nutritive sweeteners we use in our business are aspartame, acesulfame potassium, sucralose, saccharin, cyclamate and steviol glycosides. Generally, these raw materials are readily available from numerous sources. We purchase sucralose, which we consider a critical raw material, from suppliers in the United States and China. Our Company generally has not experienced major difficulties in obtaining its requirements for non-nutritive sweeteners.

Juice and juice concentrate from various fruits, particularly orange juice and orange juice concentrate, are the principal raw materials for our juice and juice drink products. We source our orange juice and orange juice concentrate primarily from Florida and the Southern Hemisphere (particularly Brazil). We work closely with Cutrale Citrus Juices U.S.A., Inc., our primary supplier of orange juice from Florida and Brazil, to ensure an adequate supply of orange juice and orange juice concentrate that meets our Company's standards. However, the citrus industry is impacted by greening disease and the variability of weather conditions that can impact the quality and supply of orange juice and orange juice concentrate. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of trees and increasing grower costs and prices.

Our consolidated bottling operations and our non-bottling finished product operations also purchase various other raw materials including, but not limited to, polyethylene terephthalate ("PET") resin, preforms and bottles; glass and aluminum bottles; aluminum and steel cans; plastic closures; aseptic fiber packaging; labels; cartons; cases; postmix packaging; and carbon dioxide. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

Patents, Copyrights, Trade Secrets and Trademarks

Our Company owns numerous patents, copyrights and trade secrets and other know-how and technology, which we collectively refer to in this report as "technology." This technology generally relates to beverage products and the processes for their production; packages and packaging materials; design and operation of processes and equipment useful for our business; and certain software. Some of the technology is licensed to suppliers and other parties. Trade

secrets are an important aspect of our technology, and our sparkling beverage and other beverage formulae are among the important trade secrets of our Company.

We own numerous trademarks that are very important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained. Pursuant to our bottler's agreements, we authorize our bottlers to use applicable Company trademarks in connection with their manufacture, sale and distribution of Company products. In addition, we grant licenses to third parties from time to time to use certain of our trademarks in conjunction with certain merchandise and food products.

Governmental Regulation

Our Company is required to comply, and it is our policy to comply, with all applicable laws in the numerous countries throughout the world in which we do business. In many jurisdictions, compliance with competition laws is of special importance to us, and our operations may come under special scrutiny by competition law authorities due to our competitive position in those jurisdictions.

In the United States, the safety, production, transportation, distribution, advertising, labeling and sale of our Company's products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Federal Trade Commission Act; the Lanham Act; state consumer protection laws; competition laws; federal, state and local workplace health and safety laws; various federal, state and local environmental protection laws; privacy and personal data protection laws; and various other federal, state and local statutes and regulations. Outside the United States, our business is subject to numerous similar statutes and regulations, as well as other legal and regulatory requirements.

Under a California law known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the conditions of an exemption (described below) can be met. The state maintains lists of these substances and periodically adds other substances to these lists. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a "safe harbor" threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

One or more substances that are currently on the Proposition 65 lists, or that may be added in the future, can be detected in certain Company products at low levels that are safe. With respect to substances that have not yet been listed under Proposition 65, the Company takes the position that listing is not scientifically justified. With respect to substances that are already listed, the Company takes the position that the presence of each such substance in Company products is subject to an applicable exemption from the warning requirement or that the product is otherwise in compliance with Proposition 65. The state of California and other parties, however, have in the past taken a contrary position and may do so in the future.

Bottlers of our beverage products presently offer and use nonrefillable recyclable containers in the United States and various other markets around the world. Some of these bottlers also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. The precise requirements imposed by these measures vary. Other types of statutes and regulations relating to beverage container deposits, recycling, ecotaxes and/or product stewardship also apply in various jurisdictions in the United States and overseas. We anticipate that additional such legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere around the world.

All of our Company's facilities and other operations in the United States and elsewhere around the world are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. Our policy is to comply with all such legal requirements. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect on our Company's capital expenditures, net income or competitive position.

We are also subject to various federal, state and international laws and regulations related to privacy and data protection, including the European Union’s General Data Protection Regulation ("GDPR") as well as the California Consumer Privacy Act of 2018 ("CCPA"), which became effective on January 1, 2020. The interpretation and application of data privacy and data protection laws and regulations are often uncertain and are evolving in the United States and internationally. We monitor pending and proposed legislation and regulatory initiatives to ascertain their relevance to and potential impact on our business and develop strategies to address regulatory trends and developments, including any required changes to our privacy and data protection compliance programs and policies.

Human Capital Management

Our people and culture agendas are critical business priorities. Our Board of Directors, through the Talent and Compensation Committee, provides oversight of the Company's policies and strategies relating to talent, leadership and culture, including diversity and inclusion, as well as the Company's compensation philosophy and programs. The Talent and Compensation Committee also evaluates and approves the Company's compensation plans, policies and programs applicable to our senior

executives. In addition, the Management Development Committee of our Board of Directors oversees succession planning and talent development for our senior executives.

Employees

We believe people are our most important asset, and we strive to attract high-performing talent. As of December 31, 2020 and 2019, our Company had approximately 80,300 and 86,200 employees, respectively, of which approximately 9,300 and 10,100, respectively, were located in the United States. The decrease in the total number of employees was primarily due to the Company's strategic realignment initiatives and the impact of the COVID-19 pandemic on our Costa retail stores, partially offset by the January 2020 acquisition of fairlife, LLC ("fairlife"). Our Company, through its divisions and subsidiaries, is a party to numerous collective bargaining agreements. As of December 31, 2020, approximately 900 employees in North America were covered by collective bargaining agreements. These agreements typically have terms of three to five years. We currently anticipate that we will be able to successfully renegotiate such agreements when they expire.

Diversity, Equity and Inclusion

We believe that a diverse, equitable and inclusive workplace that mirrors the markets we serve is a strategic business priority and critical to the Company's success. We take a comprehensive view of diversity and inclusion across different races, ethnicities, tribes, religions, socioeconomic backgrounds, generations, abilities, and expressions of gender and sexual identity.

As of December 31, 2020, we had approximately 8,900 employees located in the United States, excluding the employees of fairlife. Of these employees, 38 percent and 43 percent were female and people of color, respectively.

We are focused on social justice issues, including racial and gender equity, both in the United States and around the world. In 2020, we started implementing a multifaceted racial equity plan in the United States, which set 10-year employee representation goals that reflect the country's racial and ethnic diversity. We also strive to be 50 percent led by women, in addition to growing and developing our female workforce overall. Diversity and inclusion metrics, which highlight progress and drive accountability, are shared with our senior leaders on a quarterly basis, and our Global Women's Leadership Council, composed of 15 female and male executives, focuses on accelerating the development and promotion of women into roles of increasing responsibility and influence.

We also periodically conduct pay equity analyses to help identify any unsupported distinctions in pay between employees of different races, gender and/or age, as permitted by local law. We make adjustments to base pay, where appropriate. Also, during the annual rewards cycle, we perform an adverse impact analysis on base pay, annual incentives and long-term incentives to help ensure fairness.

We support a number of employee business resource groups ("BRGs") that are an integral part of our diversity, equity and inclusion strategy. Our BRGs provide employees with the opportunity to engage with colleagues based on shared interests in ethnic backgrounds, gender, sexual orientation, military service and work roles.

Compensation and Benefits

Through comprehensive and competitive compensation and benefits, ongoing employee learning and development, and a focus on health and well-being, we strive to support our employees in all aspects of their lives. Our compensation programs are designed to reinforce our growth agenda and our talent strategy as well as to drive a strong connection between the contributions of our employees and their pay.

We believe the structure of our compensation packages provides the appropriate incentives to attract, retain and motivate our employees. We provide base pay that is competitive and that aligns with employee positions, skill levels, experience and geographic location. In addition to base pay, we seek to reward employees with annual incentive awards, recognition programs, and equity awards for employees at certain job grades.

We also offer competitive employee benefits packages, which vary by country and region. These employee benefits packages may include: 401(k) plan, pension plan, core and supplemental life insurance, financial courses and advisors, employee assistance programs, tuition assistance, commuter assistance, adoption assistance, medical and dental insurance, vision insurance, health savings accounts, health reimbursement and flexible spending accounts, well-being rewards programs, vacation pay, holiday pay, and parental and adoption leave.

Leadership, Training and Development

We focus on investing in inspirational leadership, learning opportunities and capabilities to equip our global workforce with the skills they need while improving engagement and retention. We provide a range of formal and

informal learning programs, which are designed to help our employees continuously grow and strengthen their skills throughout their careers. We offer a variety of programs that contribute to our leadership, training and development goals, including: (1) Coca-Cola U Digital Classroom, a hybrid space, equal parts classroom, studio, and online experience that combines the engaged learning environment of a traditional classroom with the flexibility, efficiency and scalability of digital delivery; (2) LinkedIn Learning,

an online learning platform that provides relevant content of more than 16,000 expert-led courses; (3) Opportunity Marketplace, a people-centered technology solution that helps connect project opportunities to interested employees who have the capacity, skills and interest in short-term experiences and assignments; and (4) Emerging Stronger Coaching Program, a customized virtual coaching application that offers access to professional development coaches to support leadership development.

COVID-19 Health Measures

In response to the COVID-19 pandemic, we implemented measures to help ensure the health, safety and security of our employees, while constantly monitoring the rapidly evolving situation and adapting our efforts and responses. Around the world, we are endeavoring to follow guidance from authorities and health officials. This includes having the majority of our office-based employees work remotely, imposing travel restrictions and implementing safety measures for employees continuing critical on-site work including, but not limited to, social distancing practices, temperature checks, health symptom attestations when entering our facilities, and the use of personal protective equipment as appropriate and in accordance with local laws and regulations. Our system and production facilities have also implemented additional cleaning and sanitization routines and split shifts to ensure that we can continue to keep our brands in supply.

Available Information

The Company maintains a website at the following address: www.coca-colacompany.com. The information on the Company's website is not incorporated by reference in this report. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission ("SEC") in accordance with the Securities Exchange Act of 1934, as amended ("Exchange Act"). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. In addition, we routinely post on the "Investors" page of our website news releases, announcements and other statements about our business and results of operations, some of which may contain information that may be deemed material to investors. Therefore, we encourage investors to monitor the "Investors" page of our website and review the information we post on that page.

The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at the following address: http://www.sec.gov.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

RISKS RELATED TO OUR OPERATIONS

The COVID-19 pandemic has had, and we expect will continue to have, certain negative impacts on our business, and such impacts have had, and may continue to have, a material adverse effect on our results of operations, financial condition and cash flows.

The public health crisis caused by the COVID-19 pandemic and the measures that have been taken or that may be taken in the future by governments, businesses, including us and our bottling partners, and the public at large to limit the spread of COVID-19 have had, and we expect will continue to have, certain negative impacts on our business including, without limitation, the following:

- We have experienced a decrease in sales of certain of our products in markets around the world as a result of the COVID-19 pandemic. In particular, sales of our products in the away-from-home channels have been significantly negatively affected by shelter-in-place regulations or recommendations, closings of restaurants and cancellations of major sporting and other events that were imposed as a result of the initial COVID-19 outbreak. While some of these restrictions have been lifted or eased in many jurisdictions as the rates of COVID-19 infections have decreased or stabilized, resurgence of the pandemic in some markets has slowed the reopening process. If COVID-19 infection trends increase, the pandemic intensifies or expands geographically or efforts to curb the pandemic are ineffective, the negative impacts of the pandemic on our

sales could be more prolonged and may become more severe. While we initially experienced increased sales in the at-home channels from pantry loading as consumers stocked up on certain of our products with the expectation of spending more time at home during the crisis, such increased sales levels have not, and we expect will not, fully offset the sales pressures we have experienced, and we expect will continue to

experience, in the away-from-home channels while shelter-in-place and social distancing mandates or recommendations are in effect.

- In certain COVID-19 affected markets, consumer demand has shifted away from some of our more profitable beverages and away-from-home consumption to lower-margin products and at-home consumption, and this shift in consumer purchasing patterns is likely to continue while shelter-in-place and social distancing behaviors are mandated or encouraged.
- We are accelerating our business strategy and are taking certain actions to address challenges posed by the COVID-19 pandemic and deliver on our commitment to emerge stronger from this crisis. These actions include focusing investments on a defined growth portfolio by prioritizing brands best positioned for consumer reach; streamlining the innovation pipeline through initiatives that are scalable regionally or globally, as well as maintaining a disciplined approach to local experimentation; refreshing our marketing approach, with a focus on improving our marketing investment effectiveness and efficiency; and investing in new capabilities to capitalize on emerging shifts in consumer behaviors that we anticipate may last beyond this crisis. These actions, which may require substantial additional investment of management time and financial resources, may not be sufficient to accomplish our goals.
- We have experienced temporary disruptions in certain of our concentrate production operations. We have taken measures to protect our employees and facilities around the world, which efforts have included, but have not been limited to, checking the temperature of employees when they enter our facilities, requiring employees to wear masks and other protective clothing as appropriate, and implementing additional cleaning and sanitization routines. These measures may not be sufficient to prevent the spread of COVID-19 among our employees and, therefore, we may face additional concentrate production disruptions in the future, which may place constraints on our ability to supply concentrates to our bottling partners in a timely manner or may increase our concentrate supply costs.
- We have faced, and may continue to face, delays in the delivery of concentrates to our bottling partners as a result of shipping delays due to, among other things, additional safety requirements imposed by port authorities, closures of or congestion at ports, and capacity constraints experienced by our transportation contractors.
- Some of our bottling partners have experienced, and may experience in the future, temporary plant closures, production slowdowns and disruptions in distribution operations as a result of the impact of the COVID-19 pandemic on their respective businesses.
- Disruptions in supply chains have placed, and may continue to place, constraints on our and our bottling partners' ability to source beverage containers, such as glass bottles and cans, which has increased, and in the future may increase, our and their packaging costs.
- As a result of the COVID-19 pandemic, including related governmental guidance or directives, we have required most office-based employees, including most employees based at our global headquarters in Atlanta, to work remotely. We may experience reductions in productivity and disruptions to our business routines while our remote work policy remains in place.
- Actions we have taken or may take, or decisions we have made or may make, as a consequence of the COVID-19 pandemic may result in legal claims or litigation against us. Deteriorating economic and political conditions in many of our major markets affected by the COVID-19 pandemic, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions, have caused a decrease in demand for our products. Continuing economic and political uncertainties in such markets may slow down or prevent the recovery of the demand for our products or may even further erode such demand.
- Governmental authorities in the United States and throughout the world may increase or impose new income taxes or indirect taxes, or revise interpretations of existing tax rules and regulations, as a means of financing the costs of stimulus and other measures enacted or taken, or that may be enacted or taken in the future, to protect populations and economies from the impact of the COVID-19 pandemic. Such actions could have an adverse effect on our results of operations and/or cash flows.
- We may be required to record significant impairment charges with respect to noncurrent assets, including trademarks, goodwill and other intangible assets, equity method investments, and other long-lived assets whose fair values may be negatively affected by the effects of the COVID-19 pandemic on our operations. In addition, we are required to record impairment charges related to our proportionate share of impairment charges that may be recorded by equity method investees, and such charges may be significant.

In addition to the above risks, the COVID-19 pandemic may exacerbate existing risks related to our business including risks related to changes in the retail landscape or the loss of key retail or foodservice customers, fluctuations in foreign currency exchange rates; the ability of third-party service providers and business partners to fulfill their respective commitments and

responsibilities to us in a timely manner and in accordance with the agreed-upon terms; and failure of or default by one or more of our counterparty financial institutions on their obligations to us.

The resumption of normal business operations after the disruptions caused by the COVID-19 pandemic may be delayed or constrained by the pandemic's lingering effects on our bottling partners, consumers, suppliers and/or third-party service providers.

Any of the negative impacts of the COVID-19 pandemic, including those described above, alone or in combination with others, may have a material adverse effect on our results of operations, financial condition and cash flows. The full extent to which the COVID-19 pandemic will negatively affect our results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the duration of the various shelter-in-place orders and reopening plans across the globe, and actions taken, or that may be taken in the future, by governmental authorities and other third parties in response to the pandemic.

If we do not realize the economic benefits we anticipate from our productivity initiatives, including our recently announced reorganization and related strategic realignment initiatives, or are unable to successfully manage their possible negative consequences, our business operations could be adversely affected.

Over the last three years, we worked to develop the strategies and evolve our culture to equip us to grow and become a total beverage company, while improving efficiency. In late 2020, we took a series of strategic steps to transform our organizational structure and to reallocate certain resources aimed at emerging stronger from the pandemic, including voluntary and involuntary reductions in employees. We have incurred and expect we will incur in future periods significant expenses in connection with the reorganization and related reduction in employees. If we are unable to timely capture the efficiencies, cost savings and revenue growth opportunities we anticipate from these actions, our results of operations in future periods could be negatively affected. In addition, the reorganization and related reduction in employees may become a distraction for our managers and employees remaining with the Company; disrupt our ongoing business operations; cause deterioration in employee morale, which may make it more difficult for us to retain or attract qualified managers and employees in the future; disrupt or weaken our internal control and financial reporting structures; and/or give rise to negative publicity, which could affect our corporate reputation. If we are unable to successfully manage these possible negative consequences of our reorganization and reduction in employees, our business operations could be adversely affected.

In addition, we believe that improved productivity is essential to achieving our long-term growth objectives and, therefore, a leading priority of our Company is to continuously search for productivity opportunities in our business. Some of the actions we may take from time to time in pursuing these opportunities may give rise to the same risks described above. If we are unable to successfully manage the possible negative consequences of our future productivity initiatives, our business operations could be adversely affected.

If we are unable to attract or retain a highly skilled and diverse workforce, our business could be negatively affected.

The success of our business depends on our Company's and the Coca-Cola system's ability to attract, develop, retain and motivate a highly skilled and diverse workforce as well as on our success in nurturing a culture that supports our growth and aligns employees around the Company's purpose and work that matters most. We may not be able to successfully compete for, attract and/or retain the high-quality and diverse employee talent that we want and that our future business needs may require, such as employees with e-commerce, social media and digital marketing and advertising skills, and/or digital and analytics capabilities. Changes in immigration laws and policies could also make it more difficult for us to recruit or relocate highly skilled technical, professional and management personnel to meet our business needs. In addition, the unexpected loss of experienced and highly skilled associates due to an increase in aggressive recruiting for best-in-class talent could deplete our institutional knowledge base and erode our competitiveness. Any of the foregoing could have a negative impact on our business.

Increased competition could hurt our business.

We operate in the highly competitive nonalcoholic and alcoholic beverage segments of the global beverage industry. For additional information regarding the competitive environment in which we operate, including the names of certain of our significant competitors, refer to the heading "Competition" set forth in Part I, "Item 1. Business" of this report. Our ability to maintain or gain share of sales in the global market or in various local markets and segments may be limited as a result of actions by competitors. Competitive pressures may cause the Company and our bottling partners to reduce prices we charge customers or may restrict our and our bottlers' ability to increase such prices, as

may be necessary in response to commodity and other cost increases. Such pressures may also increase marketing costs and in-store placement and slotting fees. In addition, the rapid growth of e-commerce may create additional consumer price deflation by, among other things, facilitating comparison shopping, and could potentially threaten the value of some of our legacy route-to-market strategies and thus negatively affect revenues. If we do not continuously strengthen our capabilities in marketing and innovation to maintain consumer interest and

brand loyalty and market share while we selectively expand into other profitable categories in the nonalcoholic and alcoholic beverage segments of the commercial beverage industry, our business could be negatively affected.

If we are unable to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest, our business could suffer.

Many of our associates at our key manufacturing locations and bottling plants are covered by collective bargaining agreements. While we generally have been able to renegotiate collective bargaining agreements on satisfactory terms when they expire and regard our relations with associates and their representatives as generally satisfactory, negotiations may nevertheless be challenging, as the Company must have competitive cost structures in each market while meeting the compensation and benefits needs of our associates. If we are unable to renew collective bargaining agreements on satisfactory terms, our labor costs could increase, which could affect our profit margins. In addition, many of our bottling partners' employees are represented by labor unions. Strikes, work stoppages or other forms of labor unrest at any of our major manufacturing facilities or at our bottling operations' or our major bottlers' plants could impair our ability to supply concentrates and syrups to our bottling partners or our bottlers' ability to supply finished beverages to customers, which could reduce our net operating revenues and could expose us to customer claims. Furthermore, from time to time we and our bottling partners restructure manufacturing and other operations to improve productivity, which may have negative impacts on employee morale and work performance, result in escalation of grievances and adversely affect the negotiation of collective bargaining agreements. If these labor relations are not effectively managed at the local level, they could escalate in the form of corporate campaigns supported by the labor organizations and could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers.

If we are not successful in our innovation activities, our financial results may be negatively affected.

Achieving our business growth objectives depends in part on our ability to evolve and improve our existing beverage products through innovation and to successfully develop, introduce and market new beverage products. The success of our innovation activities in turn depends on our ability to correctly anticipate customer and consumer acceptance and trends; obtain, maintain and enforce necessary intellectual property protections; and avoid infringing on the intellectual property rights of others. If we are not successful in our innovation activities, we may not be able to achieve our growth objectives, which may have a negative impact on our financial results.

Changes in the retail landscape or the loss of key retail or foodservice customers could adversely affect our financial results.

Our industry is being affected by the trend toward consolidation in and blurring of the lines between retail channels, particularly in Europe and the United States. Larger retailers may seek lower prices from us and our bottling partners, may demand increased marketing or promotional expenditures, and may be more likely to use their distribution networks to introduce and develop private-label brands, any of which could negatively affect the Coca-Cola system's profitability. In addition, in developed markets discounters and value stores are growing at a rapid pace, while in emerging and developing markets modern trade is growing at a faster pace than traditional trade outlets. Our industry is also being affected by the rapid growth in sales through e-commerce retailers, e-commerce websites, mobile commerce applications and subscription services, which may result in a shift away from physical retail operations to digital channels. As we build the Coca-Cola system's e-commerce capabilities, we may not be able to develop and maintain successful relationships with existing and new e-commerce retailers without experiencing a deterioration of our relationships with key customers operating physical retail channels. If we are unable to successfully adapt to the rapidly changing retail landscape, including the rapid growth in digital commerce, our share of sales, volume growth and overall financial results could be negatively affected. In addition, our success depends in part on our ability to maintain good relationships with key retail and foodservice customers. The loss of one or more of our key retail or foodservice customers could have an adverse effect on our financial performance.

If we are unable to expand our operations in emerging and developing markets, our growth rate could be negatively affected.

Our success depends in part on our ability to grow our business in emerging and developing markets, which in turn depends on economic and political conditions in those markets and on our ability to work with local bottlers to make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Additionally, we rely on local availability of talented management and employees to establish and manage our operations in these markets. Scarcity of, or heavy competition for, talented employee resources could impede our abilities in such markets. Moreover, the supply of our products in emerging and developing markets must

match consumers' demand for those products. Due to product price, limited purchasing power and cultural differences, our products may not be accepted in any particular emerging or developing market.

Increases in the cost, disruption of supply or shortage of energy or fuel could affect our profitability.

Our consolidated bottling operations operate a large fleet of trucks and other motor vehicles to distribute and deliver beverage products to customers. In addition, we use a significant amount of electricity, natural gas and other energy sources to operate our concentrate, syrup and juice production plants and the bottling plants and distribution facilities operated by our consolidated bottling operations. An increase in the price, disruption of supply or shortage of fuel and other energy sources in countries in which we have concentrate plants, or in any of the major markets in which our consolidated bottling operations operate, which may be caused by increasing demand, by events such as natural disasters, power outages and the like, or by government regulations, taxes, policies or programs designed to reduce greenhouse gas emissions to address climate change, could increase our operating costs and negatively impact our profitability. Our independent bottling partners also operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to their own customers and use a significant amount of electricity, natural gas and other energy sources to operate their own bottling plants and distribution facilities. An increase in the price, disruption of supply or shortage of fuel and other energy sources in any of the major markets in which our independent bottling partners operate could increase the affected independent bottling partners' operating costs and thus indirectly negatively impact our results of operations.

Increases in the cost, disruption of supply or shortage of ingredients, other raw materials, packaging materials, aluminum cans and other containers could harm our business.

We and our bottling partners use various ingredients in our business, including HFCS, sucrose, aspartame, acesulfame potassium, sucralose, saccharin, cyclamate, steviol glycosides, ascorbic acid, citric acid, phosphoric acid, caffeine and caramel color; other raw materials such as orange and other fruit juice and juice concentrates; packaging materials such as PET, bio-based PET and recycled PET for bottles; and aluminum cans and other containers. For additional information regarding ingredients, other raw materials, packaging materials and containers we use in our business, refer to the heading "Raw Materials" set forth in Part I, "Item 1. Business" of this report. The prices of these ingredients, other raw materials, packaging materials, aluminum cans and other containers fluctuate depending on market conditions. Substantial increases in the prices of our or our bottling partners' ingredients, other raw materials, packaging materials, aluminum cans and other containers, to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase our and our bottling partners' operating costs and reduce our profitability. Increases in the prices of our finished products resulting from a higher cost of ingredients, other raw materials, packaging materials, aluminum cans and other containers could affect affordability in some markets and reduce Coca-Cola system sales. In addition, some of our ingredients, such as aspartame, acesulfame potassium, and saccharin, as well as some packaging containers, such as aluminum cans, are available from a limited number of suppliers, and certain other ingredients are available from only one source each. Furthermore, some of our suppliers are located in countries experiencing political or other risks. We and our bottling partners may not be able to maintain favorable arrangements and relationships with these suppliers, and our contingency plans may not be effective in preventing disruptions that may arise from shortages of any ingredient that is available from a limited number of suppliers or from only one source.

The citrus industry is impacted by the variability of weather conditions and by greening disease, which affect the supply and quality of orange juice and orange juice concentrate, which are important raw materials for our business. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of citrus trees and increasing grower costs and prices. Adverse weather conditions may affect the supply of other agricultural commodities from which key ingredients for our products are derived. For example, drought conditions in certain parts of the United States or in other major corn-producing areas of the world may negatively affect the supply of corn, which in turn may result in shortages of and higher prices for HFCS.

An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, packaging materials, aluminum cans and other containers that may be caused by changes in or the enactment of new laws and regulations; a deterioration of our or our bottling partners' relationships with suppliers; supplier quality and reliability issues; trade disruptions; changes in supply chain; and increases in tariffs that may be caused by the United Kingdom's withdrawal from the European Union, commonly referred to as "Brexit"; or events such as natural disasters, widespread outbreaks of infectious diseases (such as the COVID-19 pandemic), power outages, labor strikes, political uncertainties or governmental instability, or the like could negatively impact our net operating revenues and profits.

If we are unable to successfully manage new product launches, our business and financial results could be adversely affected.

Due to the highly competitive nature of the global beverage industry, the Company continually introduces new products and evolves existing products to stimulate customer demand. For instance, the Company has directly entered the alcoholic beverages segment in numerous markets outside the United States, and in the United States, the Company has authorized alcohol-licensed third parties to use certain of its brands on alcoholic beverages. The success of new and evolved products

depends on a number of factors, including timely and successful development and consumer acceptance. Such endeavors may also involve significant risks and uncertainties, including distraction of management from current operations, greater than expected liabilities and expenses, inadequate return on capital, exposure to additional regulations and reliance on the performance of third parties. If we become subject to additional government regulations, including alcohol regulations related to licensing, trade and pricing practices, labeling, advertising, promotion and marketing practices, and relationships with distributors, we may become exposed to the risk of increased compliance costs and disruption to our core business.

RISKS RELATED TO CONSUMER DEMAND FOR OUR PRODUCTS

Obesity and other health-related concerns may reduce demand for some of our products.

There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. Increasing public concern about obesity; other health-related public concerns surrounding consumption of sugar-sweetened beverages; possible new or increased taxes on sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; additional governmental regulations concerning the advertising, marketing, labeling, packaging or sale of our sugar-sweetened beverages; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labeling or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, our sugar-sweetened beverages, which could adversely affect our profitability.

If we do not address evolving consumer product and shopping preferences, our business could suffer.

Consumer product preferences have evolved and continue to evolve as a result of, among other things, health, wellness and nutrition considerations, including concerns regarding caloric intake associated with sugar-sweetened beverages and the perceived undesirability of artificial ingredients; shifting consumer demographics; changes in consumer tastes and needs coupled with a rapid expansion of beverage options and potential delivery methods; changes in consumer lifestyles; concerns regarding location of origin or source of ingredients and raw materials and the environmental and sustainability impact of ingredient sources and the product manufacturing process; consumer emphasis on transparency related to ingredients we use in our products and collection and recyclability of, and amount of recycled content contained by, our packaging containers and other materials; concerns about the health and welfare of animals in our dairy supply chain; dramatic shifts in consumer shopping patterns as a result of the rapidly evolving digital landscape; and competitive product and pricing pressures. In addition, in many of our markets, shopping patterns are being affected by the digital evolution, with consumers rapidly embracing shopping by way of mobile device applications, e-commerce retailers and e-commerce websites or platforms. If we fail to address past changes in consumer product and shopping preferences, do not successfully anticipate and prepare for future changes in such preferences, or are ineffective or slow in developing and implementing appropriate digital transformation initiatives, our share of sales, revenue growth and overall financial results could be negatively affected.

Product safety and quality concerns could negatively affect our business.

Our success depends in large part on our ability to maintain consumer confidence in the safety and quality of all of our products. We have rigorous product safety and quality standards, which we expect our operations as well as our bottling partners to meet. However, despite our strong commitment to product safety and quality, we or our bottling partners may not always meet these standards, particularly as we expand our product offerings through innovation or acquisitions into beverage categories, such as value-added dairy and plant-based beverages, that are beyond our traditional range of beverage products. If we or our bottling partners fail to comply with applicable product safety and quality standards, or if our beverage products taken to the market are or become contaminated or adulterated by any means, we may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause our business to suffer.

Public debate and concern about perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials, may reduce demand for our beverage products.

Public debate and concern about perceived negative health consequences of certain ingredients in our beverage products, such as non-nutritive sweeteners and biotechnology-derived substances; substances that are present in our beverage products naturally or that occur as a result of the manufacturing process, such as 4-methylimidazole ("4-MEI"), a chemical compound that is formed during the manufacturing of certain types of caramel coloring used in cola-type beverages; or substances used in packaging materials, such as bisphenol A ("BPA"), an odorless, tasteless

food-grade chemical commonly used in the food and beverage industries as a component in the coating of the interior of cans, may affect consumers' preferences and cause them to shift away from some of our beverage products. In addition, increasing public concern about actual or perceived health consequences of the presence of such ingredients or substances in our beverage products or in packaging materials, whether or not justified, could result in additional governmental regulations concerning the advertising, marketing, labeling, packaging or sale of our beverages; possible new or increased taxes on our beverages by government entities; and negative publicity, or actual or threatened legal actions against us or other companies in our industry, all of which could damage the reputation of, and may reduce demand for, our beverage products.

If negative publicity, whether or not warranted, concerning product safety or quality, workplace and human rights, obesity or other issues damages our brand image, corporate reputation and social license to operate, our business may suffer.

Our success depends in large part on our ability to maintain the brand image of our existing products, build up brand image for new products and brand extensions, and maintain our corporate reputation and social license to operate. However, our continuing investment in advertising and marketing and our strong commitment to product safety and quality and human rights may not have the desired impact on our products' brand image and on consumer preferences. Product safety or quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. In some emerging markets, the production and sale of counterfeit or "spurious" products, which we and our bottling partners may not be able to fully combat, may damage the image and reputation of our products. In addition, from time to time, we and our executives engage in public policy endeavors that are either directly related to our products and packaging or to our business operations and the general economic climate affecting the Company. These engagements in public policy debates can occasionally be the subject of backlash from advocacy groups that have a differing point of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, our sponsorship relationships could subject us to negative publicity as a result of actual or alleged misconduct by individuals or entities associated with organizations we sponsor or support financially or through in-kind contributions. Likewise, campaigns by activists connecting us, or our bottling system or supply chain, with workplace and human rights issues, whether actual or perceived, could adversely impact our corporate image and reputation. Additionally, negative postings or comments on social media or networking websites about the Company or one of its brands, even if inaccurate or malicious, could generate adverse publicity that could damage the reputation of our brands or the Company. Furthermore, the Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council, outline how businesses should implement the corporate responsibility to respect human rights principles included in the United Nations "Protect, Respect and Remedy" framework on human rights. Allegations, even if untrue, that we are not respecting one or more of the 30 human rights found in the United Nations Universal Declaration of Human Rights; actual or perceived failure by our suppliers or other business partners to comply with applicable workplace and labor laws, including child labor laws, or their actual or perceived abuse or misuse of migrant workers; and adverse publicity surrounding obesity and health concerns related to our products, water usage, environmental impact, labor relations or the like could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers. In addition, if we fail to protect our associates' and our supply chain employees' human rights, or inadvertently discriminate against any group of associates or hiring prospects, our ability to hire and retain the best talent will be diminished, which could have an adverse impact on our overall business.

RISKS RELATED TO THE COCA-COLA SYSTEM

We rely on our bottling partners for a significant portion of our business. If we are unable to maintain good relationships with our bottling partners, our business could suffer.

We generate a significant portion of our net operating revenues by selling concentrates and syrups to independent bottling partners. As independent companies, our bottling partners, some of which are publicly traded companies, make their own business decisions that may not always align with our interests. In addition, many of our bottling partners have the right to manufacture or distribute their own products or certain products of other beverage companies. If we are unable to provide an appropriate mix of incentives to our bottling partners through a combination of pricing and marketing and advertising support, or if our bottling partners are not satisfied with our brand innovation and development efforts, they may take actions that, while maximizing their own short-term profits, may be detrimental to our Company or our brands, or they may devote more of their energy and resources to business opportunities or products other than those of the Company. Such actions could, in the long run, have an adverse effect on our profitability.

If our bottling partners' financial condition deteriorates, our business and financial results could be affected.

We derive a significant portion of our net operating revenues from sales of concentrates and syrups to independent bottling partners and, therefore, the success of our business depends on our bottling partners' financial strength and profitability. While under our agreements with our bottling partners we generally have the right to unilaterally change the prices we charge for our concentrates and syrups, our ability to do so may be materially limited by our bottling partners' financial condition and their ability to pass price increases along to their customers. In addition, we have investments in certain of our bottling partners, which we account for under the equity method, and our operating results include our proportionate share of such bottling partners' income or loss. Our bottling partners' financial

condition is affected in large part by conditions and events that are beyond our and their control, including competitive and general market conditions in the territories in which they operate; the availability of capital and other financing resources on reasonable terms; loss of major customers; additional regulations; or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest, natural disasters or other catastrophic events. A deterioration of the financial condition or results of operations of one or more of our major bottling partners could adversely affect our net operating revenues from sales of concentrates and syrups; and, if such deterioration

involves one or more of our major equity method investee bottling partners, it could also result in a decrease in our equity income and/or impairments of our equity method investments.

If we do not successfully integrate and manage our consolidated bottling operations or other acquired businesses or brands, our financial results could suffer.

From time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. In addition, we routinely evaluate opportunities to acquire other businesses or brands to expand our beverage portfolio and capabilities. We may incur unforeseen liabilities and obligations in connection with acquiring, taking control of or managing acquired bottling operations, other businesses or brands and may encounter unexpected difficulties and costs in restructuring and integrating them into our Company's operating and internal control structures. We may also experience delays in extending our Company's internal control over financial reporting to newly acquired or consolidated bottling operations or other newly acquired businesses, which may increase the risk of failure to prevent misstatements in their financial records and in our consolidated financial statements. In addition, our product quality and safety programs and controls may not be sufficiently robust to effectively cope with the expanded range of product offerings introduced through newly acquired businesses or brands, which may increase our costs or subject us to negative publicity. Also, we may not be able to successfully manage the additional complexities involved with overseeing the various supply chain models as we expand our product offerings and seek to manage acquired businesses in a more independent, less integrated manner. Our financial performance depends in large part on how well we can manage and improve the performance of consolidated bottling operations and other acquired businesses or brands. However, we may not be able to achieve our strategic and financial objectives for such bottling operations, businesses or brands. If we incur unforeseen liabilities, obligations and costs in connection with acquiring or integrating bottling operations or other businesses, experience internal control or product quality failures, or are unable to achieve our strategic and financial objectives for consolidated bottling operations and other acquired businesses or brands, our consolidated results could be negatively affected.

If we do not successfully manage our refranchising activities, our business and results of operations could be adversely affected.

As part of our strategic initiative to refocus on our core business of building brands and leading our system of bottling partners, we continue to seek opportunities to refranchise consolidated bottling operations. Our refranchising activities require significant attention and effort on the part of, and therefore may be a distraction for, senior management. If we are unable to complete future refranchising transactions on our expected timetable and on terms and conditions favorable to us; our refranchising partners are not efficient and aligned with our long-term vision for the Coca-Cola system; or we are unable to maintain good relationships with the refranchised bottling operations, our business and results of operations could be adversely affected.

RISKS RELATED TO REGULATORY AND LEGAL MATTERS

Increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

We are subject to income tax in the United States and numerous other jurisdictions in which we generate profits. Our overall effective income tax rate is a function of applicable local tax rates in the jurisdictions in which we operate, tax treaties between such jurisdictions, and the geographic mix of our income before taxes, which is itself impacted by currency movements. Consequently, the isolated or combined effects of unfavorable movements in tax rates, geographic mix or foreign exchange rates could reduce our after-tax income. Tax laws, including rates of taxation, are subject to revision by individual taxing jurisdictions which may result from multilateral agreements. Many jurisdictions have enacted legislation and adopted policies resulting from the Organization for Economic Co-operation and Development’s ("OECD") anti-Base Erosion and Profit Shifting project. The OECD is currently considering proposals that could expand the jurisdictional scope and level of taxation of certain cross-border income and potentially impose some form of global minimum tax. It is possible that the adoption of these or other proposals could have a material impact on our after-tax income and cash flows. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions, estimates and accruals. The results of audits or related disputes could have a material adverse effect on our financial statements for the period or periods for which the applicable final determinations are made and for periods for which the statute of limitations is open.

For instance, the United States Internal Revenue Service ("IRS") is seeking to increase our U.S. taxable income for tax years 2007 through 2009 by an amount that creates a potential additional U.S. federal income tax liability of approximately $3.3 billion for that period, plus interest. The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. On November 18, 2020, the U.S. Tax Court ("Tax Court") issued an opinion ("Opinion") predominantly siding with the IRS. Although the Company disagrees with the unfavorable portions of the Opinion and intends to vigorously defend its position, considering all avenues of appeal, there is no assurance that the courts will ultimately rule in the Company's favor. It is

therefore possible that all or some of the unfavorable portions of the Opinion could ultimately be upheld. In that event, the Company would be subject to significant additional liabilities for the years at issue and potentially also for the subsequent years if the unfavorable portions of the Opinion were to be applied to the foreign licensees covered within the scope of the Opinion. Moreover, the IRS could successfully appeal the portions of the Opinion that are favorable to the Company and/or assert new claims for additional tax relating to the subsequent years by broadening the scope to cover additional foreign licensees. These adjustments could have a material adverse impact on the Company's financial position, results of operations and cash flows. Any such adjustments related to years prior to 2018, either in the litigation period or thereafter, may have an impact on the transition tax payable as part of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act").

Increased or new indirect taxes in the United States and throughout the world could negatively affect our business.

Our business operations are subject to numerous duties or taxes that are not based on income, sometimes referred to as "indirect taxes," including import duties, tariffs, excise taxes, sales or value-added taxes, taxes on sugar-sweetened beverages, packaging taxes, property taxes and payroll taxes, in many of the jurisdictions in which we operate, including indirect taxes imposed by state and local governments. In addition, in the past, the U.S. Congress considered imposing a federal excise tax on beverages sweetened with sugar, HFCS or other nutritive sweeteners and may consider similar proposals in the future. As federal, state and local governments in the United States and throughout the world experience significant budget deficits, some lawmakers have singled out beverages among a plethora of revenue-raising items and have imposed or increased, or proposed to impose or increase, sales or similar taxes on beverages, particularly sugar-sweetened beverages. Increases in or the imposition of new indirect taxes on our business operations or products would increase the cost of products or, to the extent levied directly on consumers, make our products less affordable, which may negatively impact our net operating revenues and profitability.

Changes in laws and regulations relating to beverage containers and packaging could increase our costs and reduce demand for our products.

We and our bottlers currently offer nonrefillable containers in the United States and in various other markets around the world. Legal requirements have been enacted in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. Other proposals relating to beverage container deposits, recycling, tethered bottle caps, ecotax and/or product stewardship or even prohibitions on certain types of plastic products, packages and cups have been introduced in various jurisdictions in the United States and overseas, and we anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and the related publicity could result in the adoption of additional such legislation or regulations in the future. If these types of requirements are adopted and implemented on a large scale in any of the major markets in which we operate, they could affect our costs or require changes in our distribution model, which could reduce our net operating revenues and profitability.

Significant additional labeling or warning requirements or limitations on the marketing or sale of our products may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products as a result of what they contain or allegations that they cause adverse health effects. If these types of requirements become applicable to one or more of our major products under current or future environmental or health laws or regulations, they may inhibit sales of such products.

For example, under one such law in California, known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the exposure falls under an established safe harbor level or another exemption is applicable. For additional information regarding Proposition 65, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. If we were required to add Proposition 65 warnings on the labels of one or more of our beverage products produced for sale in California, the resulting consumer reaction to the warnings and possible adverse publicity could negatively affect our sales both in California and in other markets.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We are party to various litigation claims and legal proceedings in the ordinary course of business, including, but not limited to, litigation claims and legal proceedings arising out of our advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, tax disputes, and environmental and employment matters. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates.

We conduct business in markets with high-risk legal compliance environments, which exposes us to increased legal and reputational risk.

We have bottling and other business operations in markets with high-risk legal compliance environments. Our policies and procedures require strict compliance by our associates and agents with all United States and local laws and regulations and consent orders applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, our policies, procedures and related training programs may not always ensure full compliance by our associates and agents with all applicable legal requirements. Improper conduct by our associates or agents could damage our reputation in the United States and internationally or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

Failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights could harm our business.

Our trademarks, formulae and other intellectual property rights (refer to the heading "Patents, Copyrights, Trade Secrets and Trademarks" in Part I, "Item 1. Business" of this report) are essential to the success of our business. We cannot be certain that the legal steps we are taking around the world are sufficient to protect our intellectual property rights or that, notwithstanding legal protection, others do not or will not infringe or misappropriate our intellectual property rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products may be eroded and our business could suffer. In addition, we could come into conflict with third parties over intellectual property rights, which could result in disruptive and expensive litigation. Any of the foregoing could harm our business.

Changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations could increase our costs or reduce our net operating revenues.

Our Company's business is subject to various laws and regulations in the numerous countries throughout the world in which we do business, including laws and regulations relating to competition, product safety, advertising and labeling, container deposits, recycling and product stewardship, the protection of the environment, occupational health and safety, employment and labor practices, personal data protection and privacy, and data security. For additional information regarding laws and regulations applicable to our business, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change, to discourage the use of plastic materials, including regulations relating to recovery and/or disposal of plastic bottles and other packaging materials due to environmental concerns, or to limit or impose additional costs on commercial water use due to local water scarcity concerns, may result in increased compliance costs, capital expenditures and other financial obligations for us and our bottling partners, which could affect our profitability, or may impede the production, distribution, marketing and sale of our products, which could affect our net operating revenues. In addition, failure to comply with U.S. trade sanctions, the U.S. Foreign Corrupt Practices Act and other applicable laws or regulations could result in litigation, the assessment of damages, the imposition of penalties, suspension of production or distribution, costly changes to equipment or processes due to required corrective action, or a cessation or interruption of operations at our or our bottling partners' facilities, as well as damage to our or our bottling partners' image and reputation, all of which could harm our or our bottling partners' profitability.

RISKS RELATED TO FINANCE, ACCOUNTING AND INVESTMENTS

Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the euro, the Japanese yen, the Brazilian real and the Mexican peso. In 2020, we used 70 functional currencies in addition to the U.S. dollar and derived $21.7 billion of net operating revenues from operations outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other currencies affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. For information regarding the estimated impact of currency fluctuations on our consolidated and operating segment net operating revenues for 2020 and 2019, refer to the heading "Operations Review — Net Operating Revenues" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report. Because of the geographic diversity of our operations, weakness in some

currencies may be offset by strength in others over time. We also use derivative financial instruments to further reduce our net exposure to foreign currency exchange rate fluctuations. However, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, could materially affect our financial results.

If interest rates increase, our net income could be negatively affected.

We maintain levels of debt that we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. When and to the extent appropriate, we use derivative financial instruments to reduce our exposure to interest rate risks. However, our financial risk management program may not be successful in reducing the risks inherent in exposures to interest rate fluctuations. In addition, in July 2017, the United Kingdom's Financial Conduct Authority, the governing body responsible for regulating the London Interbank Offered Rate ("LIBOR"), announced that it will no longer compel or persuade financial institutions and panel banks to submit rates for the calculation of LIBOR after 2021. This decision is expected to result in the discontinuance of the use of LIBOR as a reference rate for commercial loans and other indebtedness. Although the impact of the possible discontinuance of LIBOR publication and transition to alternative reference rates remains unclear, it is possible that these changes may have an adverse impact on our financing costs. Our interest expense may also be affected by our credit ratings. In assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, some credit rating agencies also consider financial information of certain of our major bottling partners. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure; our major bottling partners' financial performance; changes in the credit rating agencies' methodology in assessing our credit strength; the credit agencies' perception of the impact of credit market conditions on our or our major bottling partners' current or future financial performance and financial condition; or for any other reason, our cost of borrowing could increase. Additionally, if the credit ratings of certain bottling partners in which we have equity method investments were to be downgraded, such bottling partners' interest expense could increase, which would reduce our equity income.

Unfavorable general economic and political conditions in the United States and international markets could negatively impact our financial results.

In 2020, our net operating revenues in the United States were $11.3 billion, or 34 percent, of our total net operating revenues, and our operations outside the United States accounted for $21.7 billion, or 66 percent, of our total net operating revenues. Unfavorable general economic conditions, such as a recession or economic slowdown, could negatively affect the affordability of, and consumer demand for, our beverages. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our beverages to lower-priced products offered by other companies, including private-label brands, which could reduce our profitability and could negatively affect our overall financial performance.

Other financial uncertainties in our major markets, including uncertainties related to Brexit implementation and unstable political conditions, including civil unrest and governmental changes, could undermine global consumer confidence and reduce consumers' purchasing power, thereby reducing demand for our products. Product boycotts resulting from political activism could reduce demand for our products, while restrictions on our ability to transfer earnings or capital across borders, price controls, limitations on profits, retaliatory tariffs, import authorization requirements and other restrictions on business activities which have been or may be imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries or otherwise, could impact our profitability. In addition, U.S. trade sanctions against countries designated by the U.S. government as state sponsors of terrorism and/or financial institutions accepting transactions for commerce within such countries could increase significantly, which could make it impossible for us to continue to make sales to bottlers in such countries. The imposition of retaliatory sanctions against U.S. multinational corporations by countries that are or may become subject to U.S. trade sanctions, or the delisting of our branded products by retailers in various countries in reaction to U.S. trade sanctions or other governmental action or policy, could also negatively affect our business.

If we are not able to achieve our overall long-term growth objectives, the value of an investment in our Company could be negatively affected.

We have established and publicly announced certain long-term growth objectives. These objectives were based on, among other things, our evaluation of our growth prospects, which are generally driven by the sales potential of our many beverage products, some of which are more profitable than others, and on an assessment of the potential price and product mix. We may not be able to realize the sales potential and the price and product mix necessary to achieve our long-term growth objectives. In connection with our long-term strategic planning, in 2020 a cross-functional, networked team reviewed the Company's total portfolio, earmarking thriving global, regional and local brands with track records of sequential and incremental growth. Following this exercise, the Company expects to offer a portfolio of approximately 200 master brands, an approximate 50 percent reduction from the current number. The portfolio

optimization is intended to free up resources to invest in growing trademarks and better position the Company to nurture promising local innovations, and graduate regional wins to the global stage. If we are unsuccessful in implementing this portfolio optimization, our long-term growth may be adversely affected.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur significant losses.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, including forward contracts, commodity futures contracts, option contracts, collars and swaps, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or to retrieve our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default by or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

We may be required to recognize impairment charges that could materially affect our financial results.

We assess our noncurrent assets, including trademarks, goodwill and other intangible assets, equity method investments and other long-lived assets, as and when required by accounting principles generally accepted in the United States to determine whether they are impaired and, if they are, we record appropriate impairment charges. Our equity method investees also perform similar recoverability and impairment tests, and we record our proportionate share of impairment charges recorded by them adjusted, as appropriate, for the impact of items such as basis differences, deferred taxes and deferred gains. It is possible that we may be required to record significant impairment charges or our proportionate share of significant impairment charges recorded by equity method investees in the future and, if we do so, our net income could be materially adversely affected.

If we fail to realize a significant portion of the anticipated benefits of our strategic relationship with Monster, our financial results could be adversely affected.

In June 2015, we entered into a long-term strategic relationship in the global energy drink category with Monster. If we are unable to successfully manage our complex relationship with Monster, or if for any other reason we fail to realize all or a significant part of the benefits we expect from this strategic relationship and the related investment, our financial performance could be adversely affected.

RISKS RELATED TO INFORMATION TECHNOLOGY, DATA PRIVACY AND DIGITIZATION

If we are unable to protect our information systems against service interruption, misappropriation of data or breaches of security, our operations could be disrupted, we may suffer financial losses and our reputation may be damaged.

We rely on networks and information systems and other technology ("information systems"), including the Internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing and collection of payments, employee processes, consumer marketing, mergers and acquisitions, and research and development. We use information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting and legal and tax requirements. In addition, we depend on information systems for digital marketing activities and electronic communications among our locations around the world and between Company personnel and our bottlers and other customers, suppliers and consumers. Because information systems are critical to many of the Company's operating activities, our business may be impacted by system shutdowns, service disruptions or security breaches. These incidents may be caused by failures during routine operations such as system upgrades or by user errors, as well as network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyberattacks by common hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. In addition, such incidents could result in unauthorized or accidental disclosure of material confidential information or regulated individual personal data. If our information systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, and we may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments for concentrate or finished products. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, falsification or unavailability of, information could result in violations of data privacy laws and regulations, damage to the reputation and credibility of the Company, loss of opportunities to acquire or divest of businesses or brands and loss

of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us, our current or former employees, our bottling partners, other customers or suppliers, or consumers or other data subjects, and may become exposed to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems.

Like most major corporations, the Company's information systems are a target of attacks. In addition, third-party providers of data hosting or cloud services, as well as our bottling partners, distributors, joint venture partners or suppliers, may experience cybersecurity incidents that may involve data we share with them. Although the incidents that we have experienced to date have not had a material effect on our business, financial condition or results of operations, such incidents could have a material adverse effect on us in the future. In order to address risks to our information systems, we continue to make investments in personnel, technologies, cyber insurance and training of Company personnel. The Company maintains an information risk management program which is supervised by information technology management and reviewed by a cross-functional committee. As part of this program, reports that include analysis of emerging risks as well as the Company's plans and strategies to address them are regularly prepared and presented to senior management and the Audit Committee of the Board of Directors.

If we fail to comply with personal data protection and privacy laws, we could be subject to adverse publicity, government enforcement actions and/or private litigation, which could negatively affect our business and operating results.

In the ordinary course of our business, we receive, process, transmit and store information relating to identifiable individuals ("personal data"), primarily employees, former employees and consumers with whom we interact. As a result, we are subject to various U.S. federal and state and foreign laws and regulations relating to personal data. These laws have been subject to frequent changes, and new legislation in this area may be enacted in other jurisdictions at any time. These laws impose operational requirements for companies receiving or processing personal data, and many provide for significant penalties for noncompliance. These requirements with respect to personal data have subjected and may continue in the future to subject the Company to, among other things, additional costs and expenses and have required and may in the future require costly changes to our business practices and information security systems, policies, procedures and practices. Our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future may not prevent the improper disclosure of personal data by us or the third-party service providers and vendors whose technology, systems and services we use in connection with the receipt, storage and transmission of personal data. Unauthorized access or improper disclosure of personal data in violation of personal data protection or privacy laws could harm our reputation, cause loss of consumer confidence, subject us to regulatory enforcement actions (including fines), and result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect our business and operating results.

If we are not successful in our efforts to digitize the Coca-Cola system, our financial results could be negatively affected.

The digital evolution is affecting how we interact with consumers, customers, suppliers, bottlers and other business partners and stakeholders. We believe that our future success will depend in part on our ability to adapt to and thrive in the digital environment. Therefore, one of our top priorities is to digitize the Coca-Cola system by, among other things, creating more relevant and more personalized experiences wherever our system interacts with consumers, whether in a digital environment or through digital devices in an otherwise physical environment; finding ways to create more powerful digital tools and capabilities for the Coca-Cola system's retail customers to enable them to grow their businesses; and digitizing operations through the use of data, artificial intelligence, automation, robotics and digital devices to increase efficiency and productivity. If we are not successful in our efforts to digitize the Coca-Cola system, our ability to increase sales and reduce costs may be negatively affected and the cost and expenses we have incurred or may incur in connection with our digitization initiatives may adversely impact our financial performance.

If our third-party service providers and business partners do not satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

In the conduct of our business, we rely on relationships with third parties, including cloud data storage and other information technology service providers, suppliers, distributors, contractors, joint venture partners and other external business partners, for certain functions or for services in support of key portions of our operations. These third-party service providers and business partners are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems and employee failures, and are subject to legal, regulatory and market risks of their own. Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the agreed-upon terms. In addition, while we have procedures in place for selecting and managing our relationships with third-party service providers and other business partners, we do not have control over their business operations or governance and compliance

systems, practices and procedures, which increases our financial, legal, reputational and operational risk. If we are unable to effectively manage our third-party relationships, or for any reason our third-party service providers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

RISKS RELATED TO ENVIRONMENTAL AND SOCIAL FACTORS

Increasing concerns about the environmental impact of plastic bottles and other plastic packaging materials could result in reduced demand for our beverage products and increased production and distribution costs.

There are increasing concerns among consumers, governments and other stakeholders about the damaging impact of the proliferation and accumulation of plastic bottles and other packaging materials in the environment, particularly in the world's waterways, lakes and oceans. We and our bottling partners sell certain of our beverage products in plastic bottles and use other plastic packaging materials that are not biodegradable and, while largely recyclable, may not be regularly recovered and recycled due to low economic value or lack of collection and recycling infrastructure. If we and our bottling partners do not, or are perceived not to, act responsibly to address plastic materials recoverability and recycling concerns, our corporate image and brand reputation could be damaged, which may cause some consumers to reduce or discontinue consumption of some of our beverage products. In addition, from time to time we establish and publicly announce goals and commitments to reduce the Coca-Cola system's impact on the environment by increasing our use of recycled plastic and other packaging materials; increasing our use of packaging materials that are made in part of plant-based renewable materials; participating in programs and initiatives to reclaim or recover plastic bottles and other packaging materials that are already in the environment; and taking other actions and participating in other programs and initiatives organized or sponsored by nongovernmental organizations and other groups. If we and our bottling partners fail to achieve or improperly report on our progress toward achieving our announced environmental goals and commitments, the resulting negative publicity could adversely affect consumer preference for our beverage products. In addition, in response to environmental concerns, governmental entities in the United States and in many other jurisdictions around the world have adopted or are considering adopting regulations and policies designed to mandate or encourage plastic packaging waste reduction and an increase of recycling rates or, in some cases, restricting or even prohibiting the use of plastic containers or packaging materials. These regulations and policies, whatever their scope or form, could increase the cost of our beverage products or otherwise put the Company at a competitive disadvantage. In addition, our increased focus on reducing plastic containers and other packaging materials waste may require us to incur additional expenses and to increase our capital expenditures. A reduction in consumer demand for our beverage products and/or an increase in costs and expenditures relating to production and distribution as a result of these environmental concerns regarding plastic bottles and other packaging materials could have an adverse effect on our business and results of operations.

Water scarcity and poor quality could negatively impact the Coca-Cola system's costs and capacity.

Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution and emerging awareness of potential contaminants, poor management, lack of physical or financial access to water, sociopolitical tensions due to lack of public infrastructure in certain areas of the world and the effects of climate change. As the demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, the Coca-Cola system may incur higher costs or face capacity constraints and the possibility of reputational damage, which could adversely affect our profitability or net operating revenues in the long run.

Increased demand for food products and decreased agricultural productivity may negatively affect our business.

As part of the manufacture of our beverage products, we and our bottling partners use a number of key ingredients that are derived from agricultural commodities such as sugarcane, corn, sugar beets, citrus, coffee and tea. Increased demand for food products and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns and other factors may limit the availability or increase the cost of such agricultural commodities and could impact the food security of communities around the world. If we are unable to implement programs focused on economic opportunity and environmental sustainability to address these agricultural challenges and fail to make a strategic impact on food security through joint efforts with bottlers, farmers, communities, suppliers and key partners, as well as through our increased and continued investment in sustainable agriculture, our ability to source raw materials for use in our manufacturing processes and the affordability of our products and ultimately our business and results of operations could be negatively impacted.

Climate change and legal or regulatory responses thereto may have a long-term adverse impact on our business and results of operations.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products, and could impact the food security of communities around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for the Coca-Cola system's

bottling operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. Increasing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of our beverage products. The effects of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations. In addition, from time to time we establish and publicly announce goals and commitments to reduce the Coca-Cola system's carbon footprint by increasing our use of recycled packaging materials and participating in environmental and sustainability programs and initiatives organized or sponsored by nongovernmental organizations and other groups to reduce greenhouse gas emissions industrywide. If we and our bottling partners fail to achieve or improperly report on our progress toward achieving our carbon footprint reduction goals and commitments, the resulting negative publicity could adversely affect consumer preference for our beverage products.

Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our worldwide headquarters is located on a 35-acre office complex in Atlanta, Georgia. The office complex includes our 621,000 square foot headquarters building and an 870,000 square foot building in which our North America group's main offices are located. The office complex also includes several other buildings, including our 264,000 square foot Coca-Cola Plaza building, technical and engineering facilities, and a reception center. These properties, except for the North America group's main offices, are included in Corporate. The North America group's main offices are included in the North America operating segment.

We own or lease additional facilities, real estate and office space throughout the world, which we use for administrative, manufacturing, processing, packaging, storage, warehousing, distribution and retail operations. These properties are generally included in the geographic operating segment in which they are located, with the exception of our Costa retail stores, which are included in the Global Ventures operating segment, and facilities related to our consolidated bottling and distribution operations, which are included in the Bottling Investments operating segment.

The following table summarizes our principal production facilities, distribution and storage facilities, and retail stores by operating segment and Corporate as of December 31, 2020:

	Principal Concentrate and/or Syrup Plants		Principal Beverage Manufacturing/ Bottling Plants		Principal Distribution and Storage Facilities		Principal Retail Stores	
	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
Europe, Middle East & Africa	6	—	—	—	7	26	—	12
Latin America	5	—	—	—	2	5	—	—
North America	11	—	9	4	—	17	—	—
Asia Pacific	6	—	—	—	2	—	—	—
Global Ventures	1	—	1	—	—	1	—	1,731
Bottling Investments	—	—	87	8	109	99	—	—
Corporate	3	—	—	—	—	6	—	—
Total	32	—	97	12	120	154	—	1,743

Management believes that our Company's facilities used for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production

capacity for their present intended purposes. The extent of utilization of our production facilities varies based upon seasonal demand for our products. However, management believes that additional production can be achieved at the existing facilities by adding personnel and capital equipment or, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire or lease additional facilities and/or dispose of existing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including the proceedings specifically discussed below. Management
believes that, except as disclosed in "U.S. Federal Income Tax Dispute" below, the total liabilities of the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Aqua-Chem Litigation

On December 20, 2002, the Company filed a lawsuit (The Coca-Cola Company v. Aqua-Chem, Inc., Civil Action No. 2002CV631-50) in the Superior Court of Fulton County, Georgia ("Georgia Case"), seeking a declaratory judgment that the Company has no obligation to its former subsidiary, Aqua-Chem, Inc., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"), for any past, present or future liabilities or expenses in connection with any claims or lawsuits against Aqua-Chem. Subsequent to the Company's filing but on the same day, Aqua-Chem filed a lawsuit (Aqua-Chem, Inc. v. The Coca-Cola Company, Civil Action No. 02CV012179) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin ("Wisconsin Case"). In the Wisconsin Case, Aqua-Chem sought a declaratory judgment that the Company is responsible for all liabilities and expenses not covered by insurance in connection with certain of Aqua-Chem's general and product liability claims arising from occurrences prior to the Company's sale of Aqua-Chem in 1981, and a judgment for breach of contract in an amount exceeding $9 million for costs incurred by Aqua-Chem to date in connection with such claims. The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem.

The Company owned Aqua-Chem from 1970 to 1981. During that time, the Company purchased over $400 million of insurance coverage, which also insures Aqua-Chem for some of its prior and future costs for certain product liability and other claims. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc., in 1981 under the terms of a stock sale agreement. The 1981 agreement, and a subsequent 1983 settlement agreement, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem. Cleaver-Brooks, a division of Aqua-Chem, manufactured boilers, some of which contained asbestos gaskets. Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and currently has approximately 15,000 active claims pending against it.

The parties agreed in 2004 to stay the Georgia Case pending the outcome of insurance coverage litigation filed by certain Aqua-Chem insurers on March 26, 2004. In the coverage action, five plaintiff insurance companies filed suit (Century Indemnity Company, et al. v. Aqua-Chem, Inc., The Coca-Cola Company, et al., Case No. 04CV002852) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin, against the Company, Aqua-Chem and 16 insurance companies. Several of the policies that were the subject of the coverage action had been issued to the Company during the period (1970 to 1981) when the Company owned Aqua-Chem. The complaint sought a determination of the respective rights and obligations under the insurance policies issued with regard to asbestos-related claims against Aqua-Chem. The action also sought a monetary judgment reimbursing any amounts paid by the plaintiffs in excess of their obligations. Two of the insurers, one with a $15 million policy limit and one with a $25 million policy limit, asserted cross-claims against the Company, alleging that the Company and/or its insurers are responsible for Aqua-Chem's asbestos liabilities before any obligation is triggered on the part of the cross-claimant insurers to pay for such costs under their policies.

Aqua-Chem and the Company filed and obtained a partial summary judgment determination in the coverage action that the insurers for Aqua-Chem and the Company were jointly and severally liable for coverage amounts, but reserving judgment on other defenses that might apply. During the course of the Wisconsin insurance coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who paid funds into escrow accounts for payment of costs arising from the asbestos claims against Aqua-Chem. On July 24, 2007, the Wisconsin trial court entered a final declaratory judgment regarding the rights and obligations of the parties under the insurance policies issued by the remaining defendant insurers, which judgment was not appealed. The judgment directs, among other things, that each insurer whose policy is triggered is jointly and severally liable for 100 percent of Aqua-Chem's losses up to policy limits. The court's judgment concluded the Wisconsin insurance coverage litigation.

The Company and Aqua-Chem continued to pursue and obtain coverage agreements for the asbestos-related claims against Aqua-Chem with those insurance companies that did not settle in the Wisconsin insurance coverage litigation. The Company anticipated that a final settlement with three of those insurers ("Chartis insurers") would be finalized

in May 2011, but the Chartis insurers repudiated their settlement commitments and, as a result, Aqua-Chem and the Company filed suit against them in Wisconsin state court to enforce the coverage-in-place settlement or, in the alternative, to obtain a declaratory judgment validating Aqua-Chem and the Company's interpretation of the court's judgment in the Wisconsin insurance coverage litigation.

In February 2012, the parties filed and argued a number of cross-motions for summary judgment related to the issues of the enforceability of the settlement agreement and the exhaustion of policies underlying those of the Chartis insurers. The court granted defendants' motions for summary judgment that the 2011 Settlement Agreement and 2010 Term Sheet were not binding contracts, but denied their similar motions related to plaintiffs' claims for promissory and/or equitable estoppel. On or about May 15, 2012, the parties entered into a mutually agreeable settlement/ stipulation resolving two major issues: exhaustion of

underlying coverage and control of defense. On or about January 10, 2013, the parties reached a settlement of the estoppel claims and all of the remaining coverage issues, with the exception of one disputed issue relating to the scope of the Chartis insurers' defense obligations in two policy years. The trial court granted summary judgment in favor of the Company and Aqua-Chem on that one open issue and entered a final appealable judgment to that effect following the parties' settlement. On January 23, 2013, the Chartis insurers filed a notice of appeal of the trial court's summary judgment ruling. On October 29, 2013, the Wisconsin Court of Appeals affirmed the grant of summary judgment in favor of the Company and Aqua-Chem. On November 27, 2013, the Chartis insurers filed a petition for review in the Supreme Court of Wisconsin, and on December 11, 2013, the Company filed its opposition to that petition. On April 16, 2014, the Supreme Court of Wisconsin denied the Chartis insurers' petition for review.

The Georgia Case remains subject to the stay agreed to in 2004.

U.S. Federal Income Tax Dispute

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the IRS seeking approximately $3.3 billion of additional federal income tax for years 2007 through 2009. In the Notice, the IRS stated its intent to reallocate over $9 billion of income to the U.S. parent company from certain of its foreign affiliates that the U.S. parent company licensed to manufacture, distribute, sell, market and promote its products in certain non-U.S. markets.

The Notice concerned the Company's transfer pricing between its U.S. parent company and certain of its foreign affiliates. IRS rules governing transfer pricing require arm's-length pricing of transactions between related parties such as the Company's U.S. parent and its foreign affiliates.

To resolve the same transfer pricing issue for the tax years 1987 through 1995, the Company and the IRS had agreed in 1996 on an arm's-length methodology for determining the amount of U.S. taxable income that the U.S. parent company would report as compensation from its foreign licensees. The Company and the IRS memorialized this accord in a closing agreement resolving that dispute ("Closing Agreement"). The Closing Agreement provided that, absent a change in material facts or circumstances or relevant federal tax law, in calculating the Company's income taxes going forward, the Company would not be assessed penalties by the IRS for using the agreed-upon tax calculation methodology that the Company and the IRS agreed would be used for the 1987 through 1995 tax years.

The IRS audited and confirmed the Company's compliance with the agreed-upon Closing Agreement methodology in five successive audit cycles for tax years 1996 through 2006.

The September 17, 2015 Notice from the IRS retroactively rejected the previously agreed-upon methodology for the 2007 through 2009 tax years, in favor of an entirely different methodology, without prior notice to the Company. Using the new tax calculation methodology, the IRS reallocated over $9 billion of income to the U.S. parent company from its foreign licensees for tax years 2007 through 2009. Consistent with the Closing Agreement, the IRS did not assert penalties, and it has yet to do so.

The IRS designated the Company's matter for litigation on October 15, 2015. Litigation designation is an IRS determination that forecloses to a company any and all alternative means for resolution of a tax dispute. As a result of the IRS' designation of the Company's matter for litigation, the Company was forced either to accept the IRS' newly imposed tax assessment and pay the full amount of the asserted tax or litigate the matter in the federal courts. The matter remains subject to the IRS' litigation designation, preventing the Company from any attempt to settle or otherwise mutually resolve the matter with the IRS.

The Company consequently initiated litigation by filing a petition in the Tax Court in December 2015, challenging the tax adjustments enumerated in the Notice.

Prior to trial, the IRS increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million. The Company obtained a summary judgment in its favor on a different matter related to Mexican foreign tax credits, which thereafter effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The trial was held in the Tax Court from March through May 2018, and final post-trial briefs were filed and exchanged in April 2019.

On November 18, 2020, the Tax Court issued the Opinion in which it predominantly sided with the IRS but agreed with the Company that dividends previously paid by the foreign licensees to the U.S. parent company in reliance upon the Closing Agreement should continue to be allowed to offset royalties, including those that would become payable to the Company in accordance with the Opinion. The Tax Court reserved ruling on the effect of Brazilian

legal restrictions on the payment of royalties by the Company's licensee in Brazil until after the Tax Court issues its opinion in the separate case of 3M Co. & Subs. v. Commissioner, T.C. Docket No. 5816-13 (filed March 11, 2013). Once the Tax Court issues its opinion in 3M Co. & Subs. v. Commissioner, the Company expects the Tax Court thereafter to render another opinion, and ultimately a final decision, in the Company's case.

The Company believes that the IRS and the Tax Court misinterpreted and misapplied the applicable regulations in reallocating income earned by the Company's foreign licensees to increase the Company's U.S. tax. Moreover, the Company believes that the retroactive imposition of such tax liability using a calculation methodology different from that previously agreed upon by the IRS and the Company, and audited by the IRS for over a decade, is unconstitutional. The Company intends to assert its claims on appeal and vigorously defend its position.

In determining the amount of tax reserve to be recorded as of December 31, 2020, the Company completed the required two-step evaluation process prescribed by Accounting Standards Codification 740, *Accounting for Income Taxes*. In doing so, we consulted with outside advisors, and we reviewed and considered relevant laws, rules, and regulations, including, though not limited to, the Opinion and relevant caselaw. We also considered our intention to vigorously defend our positions and assert our various well-founded legal claims via every available avenue of appeal. We concluded, based on the technical and legal merits of the Company's tax positions, that it is more likely than not the Company's tax positions will ultimately be sustained on appeal. In addition, we considered a number of alternative transfer pricing methodologies, including the methodology asserted by the IRS and affirmed in the Opinion ("Tax Court Methodology"), that could be applied by the courts upon final resolution of the litigation. Based on the required probability analysis, we determined the methodologies we believe the federal courts could ultimately order to be used in calculating the Company's tax. As a result of this analysis, we recorded a tax reserve of $438 million during the year ended December 31, 2020 related to the application of the resulting methodologies as well as the different tax treatment applicable to dividends originally paid to the U.S. parent company by its foreign licensees, in reliance upon the Closing Agreement, that would be recharacterized as royalties in accordance with the Opinion and the Company's analysis.

While the Company strongly disagrees with the IRS' positions and the portions of the Opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In that event, the Company would likely be subject to significant additional liabilities for the years at issue, and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations, and cash flows.

The Company calculated the potential impact of applying the Tax Court Methodology to reallocate income from foreign licensees potentially covered within the scope of the Opinion, assuming such methodology is ultimately upheld by the courts, and the IRS were to decide to apply that methodology to subsequent years, with consent of the federal courts. This impact would include taxes and interest accrued through December 31, 2020 for the 2007 through 2009 litigated tax years and for subsequent tax years from 2010 to 2020. The calculations incorporated the estimated impact of correlative adjustments to the previously accrued transition tax payable under the Tax Cuts and Jobs Act of 2017. The Company currently estimates that the potential aggregate incremental tax and interest liability could be approximately $12 billion. Additional interest would continue to accrue until the time any such potential liability, or portion thereof, is paid. The Company currently projects that the impact of the continued application of the Tax Court Methodology in future years, assuming similar facts and circumstances as of December 31, 2020, would result in an incremental annual tax liability that would increase the Company's effective tax rate by approximately 3.5 percent.

The Company does not know when the Tax Court will issue its opinion regarding the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil for the 2007 through 2009 tax years. After the Tax Court issues its opinion on the Company's Brazilian licensee, the Company and the IRS will be provided time to agree on the tax impact, if any, of both opinions, after which the Tax Court would render a final decision in the case. The Company will have 90 days thereafter to file a notice of appeal to the United States Court of Appeals for the Eleventh Circuit and pay the tax liability and interest related to the 2007 through 2009 tax period. The Company currently estimates that the payment to be made at that time related to the 2007 through 2009 tax period, which is included in the above estimate of the potential aggregate incremental tax and interest liability, would be approximately $4.6 billion (including interest accrued through December 31, 2020), plus any additional interest accrued through the time of payment. Some or all of this amount would be refunded if the Company were to prevail on appeal.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM X. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following are the executive officers of our Company as of February 25, 2021:

Name	Age	Position
Manuel Arroyo	53	Chief Marketing Officer since January 2020. President of the Asia Pacific Group from January 2019 to December 2020. President of the Mexico business unit from July 2017 to December 2018, and prior to that, General Manager for Iberia from February 2017. Prior to rejoining the Company in February 2017, Chief Executive Officer of Deoleo, S.A., a Spanish multinational olive oil processing company, from May 2015 to September 2016 and Senior Vice President and President, Asia Pacific, of S.C. Johnson & Son, Inc., a multinational consumer product manufacturer, from September 2014 to May 2015. President of the Company's ASEAN business unit from 2010 to August 2014.
Henrique Braun	53	President of the Latin America operating unit since January 2021, and prior to that, President of the Brazil business unit from September 2016. President of the Greater China and Korea business unit from March 2013 to September 2016.
Lisa Chang	52	Senior Vice President and Chief People Officer since March 2019 when she joined the Company. Prior to that, Senior Vice President and Chief Human Resources Officer for AMB Group LLC, which is the investment management and shared services arm of The Blank Family of Businesses, from 2014 through 2018. Prior to joining AMB Group LLC, Vice President of Human Resources for International at Equifax Inc. from 2013 through 2014, where she led human resources for all of its global locations.
Bradley M. Gayton	57	Senior Vice President and General Counsel since September 2020. Joined the Company from Ford Motor Company ("Ford"), a global automotive and mobility company, where he served as Chief Administrative Officer and General Counsel from June 2017 and General Counsel from January 2016. Group Vice President at Ford from January 2016 to January 2019, when his title was changed without a change in his responsibilities. Assistant General Counsel and Corporate Secretary at Ford from April 2012 to December 2015.
Nikolaos Koumettis	56	President of the Europe operating unit since January 2021, and prior to that, President of the Europe, Middle East and Africa Group from January 2019. President of the Central and Eastern Europe business unit from April 2016 to December 2018, and President of the Central and Southern Europe business unit from April 2011 to April 2016.
Robert Long	63	Senior Vice President and Chief Innovation Officer since May 2017, and prior to that, Vice President, Research and Development from December 2016. He will be retiring from the Company effective February 28, 2021.
Jennifer K. Mann	48	President, Global Ventures since January 2019 and Senior Vice President since May 2017. Served as Chief People Officer from May 2017 to March 2019 and as Chief of Staff for James Quincey, then President and Chief Operating Officer and later Chief Executive Officer, from October 2015 to October 2018. Vice President and General Manager of Coca-Cola Freestyle from June 2012 to October 2015.
John Murphy	59	Executive Vice President and Chief Financial Officer since March 2019, and prior to that, Senior Vice President and Deputy Chief Financial Officer from January 2019. President of the Asia Pacific Group from August 2016 to December 2018 and President of the South Latin business unit from January 2013 to August 2016.
Beatriz Perez	51	Senior Vice President and Chief of Communications, Sustainability and Strategic Partnerships since May 2017. Her functional title changed twice since May 2017. Served as the Company's first Chief Sustainability Officer from July 2011 to April 2017 and as Vice President, Global Partnerships and Licensing, Retail and Attractions from July 2016 to April 2017. Chair of The Coca-Cola Foundation, Inc., the Company's primary international philanthropic arm, since October 2017.
Nancy Quan	54	Senior Vice President and Chief Technical Officer since January 2019, and prior to that, Chief Technical Officer of Coca-Cola North America from July 2016. Global R&D Officer from January 2012 to July 2016. She will be assuming the position of Chief Technical and Innovation Officer effective February 28, 2021.

James Quincey	56	Chairman of the Board of Directors since April 2019 and Chief Executive Officer since May 2017. Elected to the Board of Directors in April 2017. President from April 2015 to December 2018, and Chief Operating Officer from August 2015 to April 2017.
Alfredo Rivera	59	President of the North America operating unit since August 2020, and prior to that, President of the Latin America Group from August 2016. President of the Latin Center business unit from January 2013 to August 2016.
Barry Simpson	60	Senior Vice President since December 2016 and Chief Platform Services Officer since January 1, 2021. Prior to that, Chief Information and Integrated Services Officer from January 2019, when his duties were expanded to include oversight of portions of the Company's Enabling Services organization, and Chief Information Officer from October 2016. Prior to joining the Company in January 2016 as the head of Global Business Unit Information Technology Services, Chief Information Officer of Coca-Cola Amatil Limited, a Coca-Cola bottler based in Sydney, Australia, from 2008 to December 2015.
Brian Smith	65	President and Chief Operating Officer since January 2019, and prior to that, President of the Europe, Middle East and Africa Group from August 2016. President of the Latin America Group from January 2013 to August 2016.

All executive officers serve at the pleasure of the Board of Directors. There is no family relationship between any of the Directors or executive officers of the Company.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal United States market in which the Company's common stock is listed and traded is the New York Stock Exchange and the corresponding trading symbol is "KO."

While we have historically paid dividends to holders of our common stock on a quarterly basis, the declaration and payment of future dividends will depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and are at the discretion of our Board of Directors.

As of February 22, 2021, there were 197,226 shareowner accounts of record. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" in the Company's definitive Proxy Statement for the Annual Meeting of Shareowners to be held on April 20, 2021 ("Company's 2021 Proxy Statement"), to be filed with the SEC, is incorporated herein by reference.

During the year ended December 31, 2020, no equity securities of the Company were sold by the Company that were not registered under the Securities Act of 1933, as amended.

The following table presents information with respect to purchases of common stock of the Company made during the three months ended December 31, 2020 by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan [2]	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans [3]
September 26, 2020 through October 23, 2020	11,879	$ 50.02	—	161,029,667
October 24, 2020 through November 20, 2020	1,966,820	54.00	—	161,029,667
November 21, 2020 through December 31, 2020	127,023	53.32	—	161,029,667
Total	2,105,722	$ 53.93	—	

[1] The total number of shares purchased includes: (i) shares purchased pursuant to the 2012 Plan described in footnote 2 below and (ii) shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees.

[2] On October 18, 2012, the Company publicly announced that our Board of Directors had authorized a plan ("2012 Plan") for the Company to purchase up to 500 million shares of our common stock. This column discloses the number of shares purchased pursuant to the 2012 Plan during the indicated time periods (including shares purchased pursuant to the terms of preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act).

[3] On February 21, 2019, the Company publicly announced that our Board of Directors had authorized a new plan ("2019 Plan") for the Company to purchase up to 150 million shares of our common stock following the completion of the 2012 Plan. This column discloses the number of shares available for purchase under the 2012 Plan and the number of shares authorized for purchase under the 2019 Plan.

Performance Graph
Comparison of Five-Year Cumulative Total Shareowner Return Among
The Coca-Cola Company, the Peer Group Index and the S&P 500 Index

Total Shareowner Return
Stock Price Plus Reinvested Dividends

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December 31,	2015	2016	2017	2018	2019	**2020**
The Coca-Cola Company	$ 100	$ 100	$ 114	$ 122	$ 147	**$ 150**
Peer Group Index	100	111	123	100	123	**133**
S&P 500 Index	100	112	136	130	171	**203**

The total shareowner return assumes that dividends were reinvested daily and is based on a $100 investment on December 31, 2015.

The Peer Group Index is a self-constructed peer group of companies that are included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index, from which the Company has been excluded.

The Peer Group Index consists of the following companies: Altria Group, Inc., Archer Daniels Midland Company, Beyond Meat, Inc., The Boston Beer Company, Inc., Brown-Forman Corporation, Bunge Limited, Campbell Soup Company, Conagra Brands, Inc., Constellation Brands, Inc., Darling Ingredients Inc., Flowers Foods, Inc., General Mills, Inc., The Hain Celestial Group, Inc., Herbalife Nutrition Ltd., The Hershey Company, Hormel Foods Corporation, Ingredion Incorporated, Jefferies Financial Group Inc., Kellogg Company, Keurig Dr Pepper Inc., The Kraft Heinz Company, Lamb Weston Holdings, Inc., Lancaster Colony Corporation, McCormick & Company, Incorporated, Molson Coors Brewing Company, Mondelēz International, Inc., Monster Beverage Corporation, National Beverage Corp., PepsiCo, Inc., Performance Food Group Company, Philip Morris International Inc., Pilgrim's Pride Corporation, Post Holdings, Inc., Seaboard Corporation, The J.M. Smucker Company, TreeHouse Foods, Inc., Tyson Foods, Inc. and US Foods Holding Corp.

ITEM 6. INTENTIONALLY OMITTED

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

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand The Coca-Cola Company, our operations and our present business environment. MD&A is provided as a supplement to — and should be read in conjunction with — our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report. MD&A includes the following sections:

- *Our Business* — a general description of our business and the nonalcoholic beverage segment of the commercial beverage industry; our progress toward emerging stronger from the COVID-19 pandemic; our core capabilities; and challenges and risks of our business.
- *Critical Accounting Policies and Estimates* — a discussion of accounting policies that require critical judgments and estimates.
- *Operations Review* — an analysis of our consolidated results of operations for 2020 and 2019 and year-to-year comparisons between 2020 and 2019. An analysis of our consolidated results of operations for 2019 and 2018 and year-to-year comparisons between 2019 and 2018 can be found in MD&A in Part II, Item 7 of the Company's Form 10-K for the year ended December 31, 2019.
- *Liquidity, Capital Resources and Financial Position* — an analysis of cash flows; off-balance sheet arrangements and aggregate contractual obligations; foreign exchange; and the impact of inflation and changing prices.

Our Business

General

The Coca-Cola Company is a total beverage company, and beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories. We own or license and market numerous nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as the Company's consolidated bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for 1.9 billion of the approximately 62 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and
- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

Our concentrate operations typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with sweeteners (depending on the product), still water or sparkling water, or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they

sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers, or to distributors and wholesalers who in turn sell the beverages to retailers. These operations consist primarily of our consolidated bottling and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. Additionally, we sell directly to consumers through retail outlets operated by Costa, which is included in our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who in turn sell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

The following table sets forth the percentage of total net operating revenues attributable to concentrate operations and finished product operations:

	Year Ended December 31,
Concentrate operations	
Finished product operations	
Total	

The following table sets forth the percentage of total worldwide unit case volume attributable to concentrate operations and finished product operations:

	Year Ended December 31,
Concentrate operations	
Finished product operations	
Total	

The Nonalcoholic Beverage Segment of the Commercial Beverage Industry

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. We face strong competition from numerous other general and specialty beverage companies. We, along with other beverage companies, are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, consumer spending, economic conditions, availability and quality of water, consumer preferences, inflation, political climate, local and national laws and regulations, foreign currency fluctuations, fuel prices and weather patterns.

Emerging Stronger from the COVID-19 Pandemic

Throughout 2020, the effects of the COVID-19 pandemic and the related actions by governments around the world to attempt to contain the spread of the virus have significantly impacted our business. In particular, the outbreak and preventive measures taken to contain COVID-19 negatively impacted our unit case volume and our price, product and geographic mix in all of our operating segments, primarily due to unfavorable channel and product mix as consumer demand shifted to more at-home versus away-from-home consumption.

The Company's priorities during the COVID-19 pandemic and related business disruption are ensuring the health and safety of our employees; supporting and making a difference in the communities we serve; keeping our brands in supply and maintaining the quality and safety of our products; serving our customers across all channels as they adapt to the shifting demands of consumers during the crisis; and positioning ourselves to emerge stronger when this crisis ends.

We deployed global and regional teams to monitor the rapidly evolving situation in each of our local markets and recommended risk mitigation actions; we implemented travel restrictions; and we are following social distancing practices. Around the world, we are endeavoring to follow guidance from authorities and health officials including, but not limited to, checking the temperature of associates when entering our facilities, requiring associates to wear masks and other protective clothing as appropriate, and implementing additional cleaning and sanitization routines at system facilities. In addition, most office-based employees around the world are required to work remotely.

During times of crisis, business continuity and adapting to the needs of our customers are critical. We have developed systemwide knowledge-sharing routines and processes, which include the management of any supply chain challenges. As of the date of this filing, there has been no material impact, and we do not foresee a material impact, on our and our bottling partners' ability to manufacture or distribute our products. We are moving with speed to best serve our customers impacted by COVID-19. In partnership with our bottlers and retail customers, we are working to ensure adequate inventory levels in key channels while prioritizing core brands, key packages and consumer affordability. We are increasing investments in e-commerce to support retailer and meal delivery services, shifting toward package sizes that are fit-for-purpose for online sales, and shifting more consumer and trade promotions to digital.

Although we are experiencing a time of crisis, we are not losing sight of long-term opportunities for our business. The pandemic helped us realize we could be much bolder in our efforts to change. We believe that we will come out of this situation a better and stronger company. We identified the following key objectives to navigate the pandemic and position us to emerge stronger: winning more consumers; gaining market share; maintaining strong system economics; strengthening stakeholder impact; and equipping the organization to win. We leveraged the crisis as a catalyst to accelerate our strategy and to begin to deliver against these objectives by focusing on the following priorities: optimizing our portfolio of strong global, regional and scaled local brands; establishing a disciplined innovation framework; increasing consumer-centric marketing effectiveness and efficiency; strengthening data-driven revenue growth management and execution capabilities; enhancing system collaboration and capturing supply chain efficiencies; and evolving our organization and investing in new capabilities to support the accelerated strategy. In August 2020, the Company announced strategic steps to transform our organizational structure to better enable us to capture growth in the fast-changing marketplace. The Company is building a networked global organization designed to combine the power of scale with the deep knowledge required to win locally. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information about our strategic realignment initiatives.

Core Capabilities

To support our ability to emerge stronger from the COVID-19 pandemic, we must continue to enhance our core capabilities of consumer marketing, commercial leadership and franchise leadership.

Consumer Marketing

Marketing investments are designed to enhance consumer awareness of, and increase consumer preference for, our brands. Successful marketing investments produce long-term growth in unit case volume, per capita consumption and our share of worldwide nonalcoholic beverage sales. Through our relationships with our bottling partners and those who sell our products in the marketplace, we create and implement integrated marketing programs, both globally and locally, that are designed to heighten consumer awareness of and product appeal for our brands. In developing a strategy for a Company brand, we conduct product and packaging research, establish brand positioning, develop precise consumer communications and solicit consumer feedback. Our integrated marketing activities include, but are not limited to, advertising, point-of-sale merchandising, sales promotions and digital marketing.

We are focusing on marketing strategies to drive volume growth in emerging markets, increase our brand value in developing markets, and grow net operating revenues and profit in our developed markets. In emerging markets, we are investing in infrastructure programs that drive volume through increased access to consumers. In developing markets, where consumer access has largely been established, our focus is on differentiating our brands. In our developed markets, we continue to invest in brands and infrastructure programs but generally at a slower rate than gross profit growth.

Commercial Leadership

The Coca-Cola system has millions of customers around the world who sell or serve our products directly to consumers. We focus on enhancing value for our customers and providing solutions to grow their beverage businesses. Our approach includes understanding each customer's business and needs — whether that customer is a sophisticated retailer in a developed market or a kiosk owner in an emerging market. We focus on ensuring that our customers have the right product and package offerings and the right promotional tools to create enhanced value for themselves and the Company. We are constantly looking to build new beverage consumption occasions in our customers' outlets through unique and innovative consumer experiences, product availability and delivery systems, and beverage merchandising and displays. We participate in brand-building initiatives with our customers in order to

drive consumer preference for our brands. Through our commercial leadership initiatives, we embed ourselves further into our retail customers' businesses while developing strategies for better execution at the point of sale.

Franchise Leadership

We must continue to improve our franchise leadership capabilities to give our Company and our bottling partners the ability to grow together through shared values, aligned incentives and a sense of urgency and flexibility that supports consumers' always changing needs and tastes. The financial health and success of our bottling partners are critical components of the Company's

success. We work with our bottling partners to identify processes that enable us to quickly achieve scale and efficiencies, and we share best practices throughout the bottling system. With our bottling partners, we work to produce differentiated beverages and packages that are appropriate for the right channels and consumers. We also design business models in specific markets to ensure that we appropriately share the value created by our beverages with our bottling partners. We must also continue to build a supply chain network that leverages the size and scale of the Coca-Cola system to gain a competitive advantage.

Challenges and Risks

Being global provides unique opportunities for our Company. Challenges and risks accompany those opportunities. Our management has identified certain challenges and risks that demand the attention of the nonalcoholic beverage segment of the commercial beverage industry and our Company. Of these, five key challenges and risks are discussed below.

Obesity

The rates of obesity affecting communities, cultures and countries worldwide continue to be too high. There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. This concern represents a significant challenge to our industry. We understand and recognize that obesity is a complex public health challenge and are committed to being a part of the solution.

We recognize the uniqueness of consumers' lifestyles and dietary choices. Commercially, we continue to:

- offer reduced-, low- and no-calorie beverage options;
- provide transparent nutrition information, featuring calories on the front of most of our packages;
- provide our beverages in a range of packaging sizes; and
- market responsibly, including no advertising targeted to children under 12.

The heritage of our Company is to lead, and innovation is critical for leadership. As such, we are resolute in continuing to innovate and are committed to partnering to find winning solutions in the area of noncaloric sweeteners. This includes working to reduce sugar and calories in many of our beverages. We want to be a more helpful and credible partner in the fight against obesity. Across the Coca-Cola system, we are mobilizing our assets in marketing and in community outreach to increase awareness and spur action.

Evolving Consumer Product and Shopping Preferences

We are impacted by shifting consumer demographics and needs, on-the-go lifestyles and consumers who are empowered with more information than ever. As a consequence of these changes, many consumers want more choices, personalization, a focus on sustainability and recyclability, and transparency related to our products and packaging. We are committed to meeting their needs and to generating new growth through our evolving portfolio of beverage brands and products (including numerous low- and no-calorie products), new product offerings, innovative and sustainable packaging, and ingredient education efforts. We are also committed to continuing to expand the variety of choices we provide to consumers and to providing options that reflect consumer concerns about impacts to the planet.

Increased Competition and Capabilities in the Marketplace

Our Company faces strong competition from well-established global companies as well as numerous regional and local companies. Additionally, the rapidly evolving digital landscape and growth of e-commerce has led to dramatic shifts in consumer shopping patterns and presents new challenges to competitively maintain the relevancy of our brands. We must continuously strengthen our capabilities in marketing and innovation in order to compete in a digital environment and maintain our brand loyalty and market share, while we selectively expand into other profitable categories of the nonalcoholic beverage segment of the commercial beverage industry.

Product Safety and Quality

We strive to meet the highest standards in both product safety and product quality. We are aware that some consumers have concerns and negative viewpoints regarding certain ingredients used in our products. The Coca-Cola system works every day to share safe and refreshing beverages with consumers around the world. We have rigorous

product and ingredient safety and quality standards designed to ensure safety and quality in each of our products, and we drive innovation that provides new beverage options to meet consumers' evolving needs and preferences.

We work to ensure consistent safety and quality through strong governance and compliance with applicable regulations and standards. We stay current with new regulations, industry best practices and marketplace conditions, and we engage with standard-setting and industry organizations. Additionally, we manufacture and distribute our products according to strict policies, requirements and specifications set forth in an integrated quality management program that continually measures all

operations within the Coca-Cola system against the same stringent standards. Our quality management system also identifies and mitigates risks and drives improvement. In our quality laboratories, we stringently measure the quality attributes of ingredients as well as samples of finished products collected from the marketplace.

We perform due diligence to ensure that product and ingredient safety and quality standards are maintained in the more than 200 countries and territories where our products are sold. We regularly assess the relevance of our requirements and standards and continually work to improve and refine them across our entire supply chain.

Ingredient Quality and Quantity

Water quality and quantity is an issue that requires our Company's sustained attention and collaboration with other companies, suppliers, governments, nongovernmental organizations and communities where we operate. Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies, and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a critical natural resource facing unprecedented challenges from overexploitation, increased food demand, increasing pollution, poor management and the effects of climate change.

Our Company regularly assesses the specific water-related risks that we and many of our bottling partners face and has implemented a formal water risk management program. Mitigation of water risk forms the basis of our water stewardship strategic framework. This strategy is executed at the local level where we operate and includes the following elements: water use efficiency and wastewater treatment in manufacturing operations; shared watershed protection efforts; engaging local communities; and addressing water resource management in our agricultural ingredient supply chain. Such efforts are conducted in collaboration and partnership with others and are intended to help address local needs. Many of these efforts help us in achieving our goal of replenishing the water that we and our bottling partners source and use in our finished products. We are also collaborating with other companies, governments, nongovernmental organizations and communities to advocate for needed water policy reforms and action to protect water availability and quality around the world.

We believe that our Company can leverage the water-related knowledge we have developed in the communities we serve through source water availability assessments and planning, water resource management, water treatment, wastewater treatment systems and models for working with communities and partners in addressing water and sanitation needs. As demand for water continues to increase around the world, we expect continued action on our part will help with the successful long-term stewardship of this critical natural resource, both for our business and the communities we serve.

In addition, increased demand for commodities and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products, and could impact the food security of communities around the world. We are dedicated to implementing our sustainable sourcing commitment, which is founded on principles that protect the environment, uphold workplace rights and help build more sustainable communities. To support this commitment, our programs focus on economic opportunity, with an emphasis on female farmers, and environmental sustainability designed to help address these agricultural challenges. Through joint efforts with farmers, communities, bottlers, suppliers and key partners, as well as our increased and continued investment in sustainable agriculture, we can together help make a positive strategic impact on food security.

All of these challenges and risks — obesity; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality; and ingredient quality and quantity — have the potential to have a material adverse effect on the nonalcoholic beverage segment of the commercial beverage industry and on our Company; however, we believe our Company is well positioned to appropriately address these challenges and risks.

See "Item 1A. Risk Factors" in Part I of this report for additional information about risks and uncertainties facing our Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We believe our most critical accounting policies and estimates relate to the following:

- Principles of Consolidation
- Recoverability of Current and Noncurrent Assets
- Pension Plan Valuations
- Revenue Recognition
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of the Company's Board of Directors. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. For a discussion of the Company's significant accounting policies, refer to Note 1 of Notes to Consolidated Financial Statements.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 11 of Notes to Consolidated Financial Statements. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over the operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Recoverability of Current and Noncurrent Assets

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate, particularly in developing and emerging markets. Refer to the heading "Our Business — Challenges and Risks" above and "Item 1A. Risk Factors" in Part I of this report. As a result, management must make numerous assumptions which involve a significant amount of judgment when completing recoverability and impairment tests of current and noncurrent assets in various regions around the world.

We perform recoverability and impairment tests of current and noncurrent assets in accordance with U.S. GAAP. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The assessment of recoverability and the performance of impairment tests of current and noncurrent assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, royalty rates, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending, proceeds from the sale of assets and customers' financial condition. These factors are even more difficult to estimate as a result of uncertainties associated with the scope, severity and duration of the global COVID-19 pandemic and any resurgences of the pandemic including, but not limited to, the number of people contracting the virus, the impact of shelter-in-place and social distancing requirements, the impact of governmental actions across the globe to contain the virus, the timing and number of people receiving vaccinations, and the substance and pace of the post-pandemic economic recovery. The estimates we use when assessing the recoverability of assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe are consistent with those a market participant would use. The variability of these factors depends on a number of conditions, including uncertainties associated with the COVID-19 pandemic, and thus our accounting estimates may change from period to period. Our current estimates reflect our belief that we expect COVID-19 to impact our business for the better part of 2021, with the first half of the year likely to be more challenging than the second half. We expect to see improvements in our business as vaccines become more widely available throughout the year and consumers begin to return to many of their previous routines of socializing, work and travel. The Company has certain intangible and other long-lived assets that are more dependent on cash flows generated in the away-from-home channels and/or that generate cash flows in geographic areas that are more heavily impacted by the COVID-19 pandemic and are therefore more susceptible to impairment. In addition, intangible and other long-lived assets we acquired in recent transactions are naturally more susceptible to impairment, because they are recorded at fair value based on recent operating plans and macroeconomic conditions at the time of acquisition. If we had used other assumptions and estimates when tests of these assets were performed, impairment charges could have resulted. Furthermore, if management uses different assumptions or if different conditions exist in future periods, future impairment charges could result. The total future impairment charges we may be required to record could be material. Refer to Note 2 of Notes to Consolidated Financial Statements for a discussion of recent acquisitions. Refer to Note 16 of Notes to Consolidated Financial Statements for the discussion of impairment charges. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Investments in Equity and Debt Securities

We measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with the change in fair value included in net income. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis.

Our investments in debt securities are carried at either amortized cost or fair value. The cost basis is determined by the specific identification method. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of accumulated other comprehensive income (loss) ("AOCI"), except for the changes in fair values attributable to the currency risk being hedged, if applicable, which are included in net income.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the

fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe market participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and

developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Property, Plant and Equipment

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount or remaining useful life of property, plant and equipment should be assessed, including, among others, the manner or length of time in which the Company intends to use the asset, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models. These appraisals and models include assumptions we believe are consistent with those a market participant would use.

Goodwill, Trademarks and Other Intangible Assets

Intangible assets are classified into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. For intangible assets with definite lives, tests for impairment must be performed if conditions exist that indicate the carrying value may not be recoverable. For intangible assets with indefinite lives and goodwill, tests for impairment must be performed at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The assessment of recoverability and the performance of impairment tests of intangible assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, royalty rates, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability of intangible assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe are consistent with those a market participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions exist in future periods, future impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Intangible assets acquired in recent transactions are naturally more susceptible to impairment, because they are recorded at fair value based on recent operating plans and macroeconomic conditions present at the time of acquisition. Consequently, if operating results and/or macroeconomic conditions deteriorate shortly after an acquisition, it could result in the impairment of the acquired assets. A deterioration of macroeconomic conditions may not only negatively impact the estimated operating cash flows used in our cash flow models but may also negatively impact other assumptions used in our analyses, including, but not limited to, the estimated cost of capital and/or discount rates. Additionally, as discussed above, in accordance with U.S. GAAP, we are required to ensure that assumptions used to determine fair value in our analyses are consistent with the assumptions that we believe a

market participant would use. As a result, the cost of capital and/or discount rates used in our analyses may increase or decrease based on market conditions and trends, regardless of whether our Company's actual cost of capital has changed. Therefore, if the cost of capital and/or discount rates change, our Company may recognize an impairment of an intangible asset in spite of realizing actual cash flows that are approximately equal to, or greater than, our previously forecasted amounts.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our geographic operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. Our Global Ventures operating segment includes the results of our Costa, innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster, each of which is its own reporting unit. The Bottling Investments operating segment includes all of our consolidated bottling operations, regardless of geographic location. Generally, each consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a market participant would use. The Company has the option to perform a qualitative assessment of goodwill rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further assessment.

When events or circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset or asset group, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models. These models include assumptions we believe are consistent with those a market participant would use.

We test indefinite-lived intangible assets, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that an asset may be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models. These models include assumptions we believe are consistent with those a market participant would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

Pension Plan Valuations

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain employees and participate in multi-employer retirement plans in the United States. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement benefit arrangements outside the United States.

Management is required to make certain critical estimates related to the actuarial assumptions used to determine our net periodic pension cost and pension obligations. We believe the most critical assumptions are (1) the discount rate used to determine the present value of the liabilities and (2) the expected long-term rate of return on plan assets. All of our actuarial assumptions are reviewed annually, or more frequently to the extent that a settlement or curtailment occurs. Changes in these assumptions could have a material impact on the measurement of our net periodic pension cost and pension obligations.

At each measurement date, we determine the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future benefit payments we anticipate making under the plans.

The Company measures the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows.

The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our long-term rates. Our investment objective for our pension plan assets is to ensure all of our plans have

sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to seek to improve returns and manage risk.

In 2020, the Company's total income related to defined benefit pension plans was $44 million, which included $66 million of net periodic benefit income and net charges of $22 million, primarily due to settlements, curtailments and special termination benefits. In 2021, we expect our net periodic benefit income related to defined benefit pension plans to be approximately $146 million. We currently expect to incur settlement charges in 2021 related to our strategic realignment initiatives. The increase in 2021 expected net periodic benefit income is primarily due to favorable asset performance in 2020 and a reduction in the number of plan participants arising from our strategic realignment initiatives, partially offset by a decrease in the weighted-average discount rate at December 31, 2020 compared to December 31, 2019. The estimated impact of a 50 basis-point decrease in the discount rate would result in a $17 million decrease in our 2021 net periodic benefit income. Additionally, the estimated impact of a 50 basis-point decrease in the expected long-term rate of return on plan assets would result in a $26 million decrease in our 2021 net periodic benefit income.

The sensitivity information provided above is based only on changes to the actuarial assumptions used for our U.S. pension plans. As of December 31, 2020, the Company's primary U.S. pension plan represented 61 percent and 59 percent of the Company's consolidated projected benefit obligation and pension plan assets, respectively. Refer to Note 13 of Notes to Consolidated Financial Statements for additional information about our pension plans and related actuarial assumptions.

Revenue Recognition

Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates, syrups or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Upon transfer of control to the customer, which completes our performance obligation, revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrate are sold, and package mix. The amounts associated with the arrangements described above represent variable consideration, an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates.

Income Taxes

Our annual effective tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we

determine that the position becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances

of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. We adjust these reserves, including any impact on the related interest and penalties, in light of changing facts and circumstances, such as the progress of a tax audit. Refer to the heading "Operations Review — Income Taxes" below and Note 14 of Notes to Consolidated Financial Statements.

A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Settlement of any particular issue would usually require the use of cash. Refer to Note 11 of Notes to Consolidated Financial Statements.

Tax law requires certain items to be included in the tax return at different times than when these items are reflected in the consolidated financial statements. As a result, the annual effective tax rate reflected in our consolidated financial statements is different from that reported in our tax return (our cash tax rate). Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences reverse over time, such as depreciation expense. These timing differences create deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities. The tax rates used to determine deferred tax assets or liabilities are the enacted tax rates in effect for the year and for the manner in which the differences are expected to reverse. Based on the evaluation of all available information, the Company recognizes future tax benefits, such as net operating loss carryforwards, to the extent that realizing these benefits is considered more likely than not.

We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing our forecasted taxable income using both historical and projected future operating results; the reversal of existing taxable temporary differences; taxable income in prior carryback years (if permitted); and the availability of tax planning strategies. A valuation allowance is required to be established unless management determines that it is more likely than not that the Company will ultimately realize the tax benefit associated with a deferred tax asset.

The Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign subsidiaries to the extent that the basis difference meets the indefinite reversal criteria. These criteria are met if the foreign subsidiary has invested, or will invest, the undistributed earnings indefinitely. The decision as to the amount of undistributed earnings that the Company intends to maintain in non-U.S. subsidiaries takes into account items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans, capital improvement programs, merger and acquisition plans, and planned loans to other non-U.S. subsidiaries. The Company also evaluates its expected cash requirements in the United States. Other factors that can influence that determination are local restrictions on remittances (for example, in some countries a central bank application and approval are required in order for the Company's local country subsidiary to pay a dividend), economic stability and asset risk. Refer to Note 14 of Notes to Consolidated Financial Statements.

Operations Review

Our organizational structure consists of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Global Ventures; and Bottling Investments. Our operating structure also includes Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance; and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence. For further information regarding our operating segments, refer to Note 19 of Notes to Consolidated Financial Statements.

Structural Changes, Acquired Brands and Newly Licensed Brands

In order to continually improve upon the Company's operating performance, from time to time, we engage in buying and selling ownership interests in bottling partners and other manufacturing operations. In addition, we also acquire brands or enter into license agreements for certain brands to supplement our beverage offerings. These items impact our operating results and certain key metrics used by management in assessing the Company's performance.

Unit case volume growth is a metric used by management to evaluate the Company's performance because it measures demand for our products at the consumer level. The Company's unit case volume represents the number of

unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers or consumers and, therefore, reflects unit case volume for both consolidated and unconsolidated bottlers. Refer to the heading "Beverage Volume" below.

Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in equivalent unit cases) sold by, or used in finished products sold by, the Company to its bottling partners or other customers. For Costa non-ready-to-drink beverage products, concentrate sales volume represents the amount of coffee beans and finished beverages (in all instances expressed in unit case equivalents) sold by the Company to customers or consumers. Refer to the heading "Beverage Volume" below.

When we analyze our net operating revenues we generally consider the following factors: (1) volume growth (concentrate sales volume or unit case volume, as applicable); (2) changes in price, product and geographic mix; (3) foreign currency fluctuations; and (4) acquisitions and divestitures (including structural changes defined below), as applicable. Refer to the heading "Net Operating Revenues" below. The Company sells concentrates and syrups to both consolidated and unconsolidated bottling partners. The ownership structure of our bottling partners impacts the timing of recognizing concentrate revenue and concentrate sales volume. When we sell concentrates or syrups to our consolidated bottling partners, we are not able to recognize the concentrate revenue or concentrate sales volume until the bottling partner has sold finished products manufactured from the concentrates or syrups to a third party or independent customer. When we sell concentrates or syrups to our unconsolidated bottling partners, we recognize the concentrate revenue and concentrate sales volume when the concentrates or syrups are sold to the bottling partner. The subsequent sale of the finished products manufactured from the concentrates or syrups to a third party or independent customer does not impact the timing of recognizing the concentrate revenue or concentrate sales volume. When we account for an unconsolidated bottling partner as an equity method investment, we eliminate the intercompany profit related to these transactions to the extent of our ownership interest until the equity method investee has sold finished products manufactured from the concentrates or syrups to a third party or independent customer. We typically report unit case volume when finished products manufactured from the concentrates or syrups are sold to a third party or independent customer regardless of our ownership interest in the bottling partner.

We generally refer to acquisitions and divestitures of bottling operations as structural changes, which are a component of acquisitions and divestitures. Typically, structural changes do not impact the Company's unit case volume or concentrate sales volume on a consolidated basis or at the geographic operating segment level. We recognize unit case volume for all sales of Company beverage products, regardless of our ownership interest in the bottling partner, if any. However, the unit case volume reported by our Bottling Investments operating segment is generally impacted by structural changes because it only includes the unit case volume of our consolidated bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Company's acquisitions and divestitures.

"Acquired brands" refers to brands acquired during the past 12 months. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to acquired brands in periods prior to the closing of a transaction. Therefore, the unit case volume and concentrate sales volume related to these brands is incremental to prior year volume. We generally do not consider the acquisition of a brand to be a structural change.

"Licensed brands" refers to brands not owned by the Company, but for which we hold certain rights, generally including, but not limited to, distribution rights, and from which we derive an economic benefit when the products are sold. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to these brands in periods prior to the beginning of the term of a license agreement. Therefore, in the year that a license agreement is entered into, the unit case volume and concentrate sales volume related to the brand is incremental to prior year volume. We generally do not consider the licensing of a brand to be a structural change.

In 2020, the Company acquired the remaining ownership interest in fairlife. The impact on revenues for fairlife products not previously sold by the Company has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the North America operating segment.

Also in 2020, the Company discontinued our Odwalla juice business. The impact of discontinuing our Odwalla juice business has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the North America operating segment.

In 2019, the Company acquired the remaining ownership interest in C.H.I. Limited ("CHI"). The impact of this acquisition has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the Europe, Middle East and Africa operating segment. Other acquisitions by the Company included controlling interests in bottling operations in Zambia, Kenya and Eswatini. The impact of these acquisitions has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Europe, Middle East and Africa operating segments.

Also in 2019, the Company refranchised certain of its bottling operations in India. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Asia Pacific operating segments.

Beverage Volume

We measure the volume of Company beverage products sold in two ways: (1) unit cases of finished products and (2) concentrate sales. As used in this report, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings), with the exception of unit case equivalents for Costa non-ready-to-drink beverage products, which are primarily measured in number of transactions; and "unit case volume" means the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers or consumers. Unit case volume primarily consists of beverage products bearing Company trademarks. Also included in unit case volume are certain products licensed to, or distributed by, our Company, and brands owned by Coca-Cola system bottlers for which our Company provides marketing support and from the sale of which we derive economic benefit. In addition, unit case volume includes sales by certain joint ventures in which the Company has an ownership interest. 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. The unit case volume numbers used in this report are derived based on estimates received by the Company from its bottling partners and distributors. Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in unit case equivalents) sold by, or used in finished beverages sold by, the Company to its bottling partners or other customers. For Costa non-ready-to-drink beverage products, concentrate sales volume represents the amount of coffee beans and finished beverages (in all instances expressed in unit case equivalents) sold by the Company to customers or consumers. Unit case volume and concentrate sales volume growth rates are not necessarily equal during any given period. Factors such as seasonality, bottlers' inventory practices, supply point changes, timing of price increases, new product introductions and changes in product mix can create differences between unit case volume and concentrate sales volume growth rates. In addition to these items, the impact of unit case volume from certain joint ventures in which the Company has an ownership interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals, may give rise to differences between unit case volume and concentrate sales volume growth rates.

Information about our volume growth worldwide and by operating segment is as follows:

	Percent Change 2020 versus 2019	
	Unit Cases [1,2]	Concentrate Sales
Worldwide	(6)%	(7)%
Europe, Middle East & Africa	(6)%	(8)%
Latin America	(2)	(2)
North America	(7)	(7)
Asia Pacific	(9)	(9) [5]
Global Ventures	(13) [3]	(13)
Bottling Investments	(15) [4]	N/A

[1] Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only.

[2] Geographic and Global Ventures operating segment data reflects unit case volume growth for all bottlers, both consolidated and unconsolidated, and distributors in the applicable geographic areas. Global Ventures operating segment data also reflects unit case volume growth for Costa retail stores.

[3] In 2019, with the exception of ready-to-drink products, the Company did not report unit case volume for Costa, a component of the Global Ventures operating segment. However, unit case volume in 2020 includes both Costa ready-to-drink and non-ready-to-drink products. The Company adjusted 2019 to include Costa non-ready-to-drink unit case volume when calculating 2020 versus 2019 volume growth rates.

[4] After considering the impact of structural changes, unit case volume for Bottling Investments for the year ended December 31, 2020 declined 13 percent.

[5] After considering the impact of structural changes, concentrate sales volume for Asia Pacific for the year ended December 31, 2020 declined 10 percent.

Unit Case Volume

Sparkling soft drinks represented 69 percent of our worldwide unit case volume in 2020 and 2019. Trademark Coca-Cola accounted for 47 percent and 45 percent of our worldwide unit case volume in 2020 and 2019, respectively. In 2020, unit case volume in the United States represented 18 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 61 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume. Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume for 2020. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and Japan, which together accounted for 32 percent of our worldwide unit case volume. Of the non-U.S. unit case volume,

71 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 48 percent of non-U.S. unit case volume.

The Coca-Cola system sold 29.0 billion and 30.3 billion unit cases of our products in 2020 and 2019, respectively. The decline was primarily due to the COVID-19 pandemic.

Unit case volume in Europe, Middle East and Africa declined 6 percent, which included a 4 percent decline in sparkling soft drinks, an 18 percent decline in both water, enhanced water and sports drinks and tea and coffee, and a 9 percent decline in juice, dairy and plant-based beverages. The group's sparkling soft drinks volume performance reflected a decline of 2 percent in Trademark Coca-Cola. The group reported declines in unit case volume in all business units with the exception of the West Africa business unit, which reported a 3 percent increase in unit case volume.

In Latin America, unit case volume declined 2 percent, which included a 1 percent decline in sparkling soft drinks, a 4 percent decline in water, enhanced water and sports drinks, a 6 percent decline in juice, dairy and plant-based beverages and a 1 percent decline in tea and coffee. Trademark Coca-Cola grew 1 percent. The group reported declines in unit case volume of 4 percent in the Mexico business unit and 6 percent in the South Latin business unit, which were partially offset by a 3 percent increase in unit case volume in the Brazil business unit and even volume in the Latin Center business unit.

Unit case volume in North America declined 7 percent, which included a 15 percent decline in tea and coffee and a 4 percent decline in both water, enhanced water and sports drinks and juice, dairy and plant-based beverages. The group's sparkling soft drinks volume declined 7 percent, which included a 5 percent decline in Trademark Coca-Cola.

In Asia Pacific, unit case volume declined 9 percent, which included a 16 percent decline in both water, enhanced water and sports drinks and juice, dairy and plant-based beverages, a 5 percent decline in sparkling soft drinks and an 8 percent decline in tea and coffee. The group's sparkling soft drinks volume performance included growth of 2 percent in Trademark Coca-Cola. The group reported declines in unit case volume of 27 percent in the India & South West Asia business unit, 7 percent in both the ASEAN and Japan business units, 4 percent in the South Pacific business unit and 3 percent in the Greater China & Korea business unit.

Unit case volume for Global Ventures declined 13 percent, driven by a 29 percent decrease in tea and coffee, partially offset by growth in energy drinks. Performance was even in juice, dairy and plant-based beverages.

Unit case volume for Bottling Investments declined 15 percent.

Through early February 2021, the Company has experienced a volume decline of mid single digits globally.

Concentrate Sales Volume

In 2020, worldwide concentrate sales volume declined 7 percent and unit case volume declined 6 percent compared to 2019. The differences between concentrate sales volume and unit case volume growth rates on a consolidated basis and for the operating segments were primarily due to the timing of concentrate shipments, structural changes and the impact of unit case volume from certain joint ventures in which the Company has an ownership interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals.

Net Operating Revenues

Net operating revenues were $33,014 million in 2020, compared to $37,266 million in 2019, a decrease of $4,252 million, or 11 percent.

The following table illustrates, on a percentage basis, the estimated impact of the factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2020 versus 2019									
	Volume[1]		Price, Product & Geographic Mix		Foreign Currency Fluctuations		Acquisitions & Divestitures[2]		**Total**	
Consolidated	(7)	%	(2)	%	(2)	%	—	%	**(11)**	**%**
Europe, Middle East & Africa	(8)	%	(5)	%	(2)	%	—	%	**(14)**	**%**
Latin America	(2)		2		(14)		—		**(15)**	
North America	(7)		2		—		2		**(4)**	
Asia Pacific	(10)		(2)		—		—		**(11)**	
Global Ventures	(13)		(9)		1		—		**(22)**	
Bottling Investments	(13)		2		(4)		(2)		**(16)**	

Note: Certain rows may not add due to rounding.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments and our Global Ventures operating segment (expressed in equivalent unit cases) after considering the impact of acquisitions and divestitures. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

[2] Includes structural changes. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above.

Refer to the heading "Beverage Volume" above for additional information related to changes in our unit case and concentrate sales volumes.

"Price, product and geographic mix" refers to the change in net operating revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred. The impact of price, product and geographic mix is calculated by subtracting the change in net operating revenues resulting from volume increases or decreases, changes in foreign currency exchange rates, and acquisitions and divestitures from the total change in net operating revenues. Management believes that providing investors with price, product and geographic mix enhances their understanding about the combined impact that the following items had on the Company's net operating revenues: (1) pricing actions taken by the Company and, where applicable, our bottling partners; (2) the change in the mix of products and packages sold; (3) the change in the mix of channels where products were sold; and (4) the change in the mix of geographic territories where products were sold. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Price, product and geographic mix had a 2 percent unfavorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — unfavorable channel, package and geographic mix;
- Latin America — favorable pricing initiatives in Mexico and the impact of inflationary environments in certain markets, partially offset by unfavorable channel and package mix;
- North America — favorable product mix, partially offset by unfavorable channel and package mix;
- Asia Pacific — unfavorable channel and package mix across a majority of the business units, partially offset by favorable geographic mix;
- Global Ventures — unfavorable product and channel mix primarily due to the impact of the COVID-19 pandemic on the Costa retail stores; and
- Bottling Investments — favorable pricing and geographic mix, partially offset by unfavorable channel and package mix.

The unfavorable channel and package mix for the year ended December 31, 2020 in all operating segments was primarily a result of the shift in consumer demand due to the impact of the COVID-19 pandemic. Consumers were purchasing more products in the at-home channels and fewer in the away-from-home channels. We expect any shift in consumer demand back to the away-from-home channels to be closely correlated with the timing and availability of COVID-19 vaccines and consumers returning to many of their previous routines of socializing, work and travel.

Foreign currency fluctuations decreased our consolidated net operating revenues by 2 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the Mexican peso, Brazilian real, South

African rand, Turkish lira and Indian rupee, which had an unfavorable impact on our Latin America, Europe, Middle East and Africa, Asia Pacific and Bottling Investments operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, British pound sterling, Japanese yen and Philippine peso, which had a favorable impact on our Europe, Middle East and Africa, Global Ventures, Asia Pacific and Bottling Investments operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

"Acquisitions and divestitures" refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. The impact of acquisitions and divestitures is the difference between the change in net operating revenues and the change in what our net operating revenues would have been if we removed the net operating revenues associated with an acquisition or divestiture from either the current year or the prior year, as applicable. Management believes that quantifying the impact that acquisitions and divestitures had on the Company's net operating revenues provides investors with useful information to enhance their understanding of the Company's net operating revenue performance by improving their ability to compare our year-to-year results. Management considers the impact of acquisitions and divestitures when evaluating the Company's performance. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above for additional information related to acquisitions and divestitures.

Net operating revenue growth rates are impacted by sales volume; price, product and geographic mix; foreign currency fluctuations; and acquisitions and divestitures. The size and timing of acquisitions and divestitures are not consistent from period to period. Based on current spot rates and our hedging coverage in place, we expect foreign currency fluctuations will have a slightly favorable impact on our full year 2021 net operating revenues.

Information about our net operating revenues by operating segment and Corporate as a percentage of Company net operating revenues is as follows:

Year Ended December 31,	**2020**	2019
Europe, Middle East & Africa	**16.8 %**	17.3 %
Latin America	**10.6**	11.0
North America	**34.7**	31.9
Asia Pacific	**12.8**	12.7
Global Ventures	**6.0**	6.9
Bottling Investments	**19.0**	19.9
Corporate	**0.1**	0.3
Total	**100.0 %**	100.0 %

The percentage contribution of each operating segment fluctuates over time due to net operating revenues in certain operating segments growing at a faster rate compared to other operating segments. Net operating revenue growth rates are impacted by sales volume; price, product and geographic mix; foreign currency fluctuations; and acquisitions and divestitures. For additional information about the impact of foreign currency fluctuations, refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below, and for additional information about acquisitions and divestitures, refer to Note 2 of Notes to Consolidated Financial Statements.

Gross Profit Margin

Gross profit margin is a ratio calculated by dividing gross profit by net operating revenues. Management believes gross profit margin provides investors with useful information related to the profitability of our business prior to considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Our gross profit margin decreased to 59.3 percent in 2020 from 60.8 percent in 2019. This decrease was primarily driven by unfavorable channel and package mix, the unfavorable impact of foreign currency exchange rate fluctuations, and unfavorable manufacturing overhead variances, partially offset by the impact of acquisitions and divestitures. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures.

Selling, General and Administrative Expenses

The following table sets forth the components of selling, general and administrative expenses (in millions):

Year Ended December 31,		2020		2019
Stock-based compensation expense	**$**	**126**	$	201
Advertising expenses		**2,777**		4,246
Selling and distribution expenses		**2,638**		2,873
Other operating expenses		**4,190**		4,783
Selling, general and administrative expenses	**$**	**9,731**	$	12,103

Selling, general and administrative expenses decreased $2,372 million, or 20 percent, in 2020. This decrease was primarily due to effective cost management and a reduction in marketing spending as a result of uncertainties related to the impact of the COVID-19 pandemic, the impact of savings from our productivity initiatives, the impact of a reduction in stock-based compensation expense resulting from a change in estimated payout, and a foreign currency exchange rate impact of 1 percent.

The decrease in selling and distribution expenses was primarily due to volume declines, effective cost management as a result of uncertainties related to the COVID-19 pandemic and a foreign currency exchange rate impact of 2 percent, partially offset by amortization and depreciation expense in the current year for Coca-Cola Beverages Africa Proprietary Limited ("CCBA"). During the first five months of 2019, CCBA was classified as held for sale, and therefore amortization and depreciation expense were not recorded.

As of December 31, 2020, we had $180 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans, which we expect to recognize over a weighted-average period of 1.9 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards. Refer to Note 12 of Notes to Consolidated Financial Statements.

Other Operating Charges

Other operating charges incurred by operating segment and Corporate were as follows (in millions):

Year Ended December 31,		2020		2019
Europe, Middle East & Africa	**$**	**73**	$	2
Latin America		**29**		1
North America		**379**		62
Asia Pacific		**31**		42
Global Ventures		**4**		—
Bottling Investments		**34**		100
Corporate		**303**		251
Total	**$**	**853**	$	458

In 2020, the Company recorded other operating charges of $853 million. These charges primarily consisted of $413 million related to the Company's strategic realignment initiatives and $99 million related to the Company's productivity and reinvestment program. In addition, other operating charges included impairment charges of $160 million related to the Odwalla trademark and charges of $33 million related to discontinuing the Odwalla juice business. Other operating charges also included an impairment charge of $55 million related to a trademark in North America, which was primarily driven by the impact of the COVID-19 pandemic, revised projections of future operating results and a change in brand focus in the Company's portfolio. In addition, other operating charges included $51 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition and $16 million related to the restructuring of our manufacturing operations in the United States. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the fairlife acquisition. Refer to Note 16 of Notes to Consolidated Financial Statements for additional information on the impairment charges. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's strategic realignment initiatives and productivity and reinvestment program. Refer to Note 19 of

Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

In 2019, the Company recorded other operating charges of $458 million. These charges primarily consisted of $264 million related to the Company's productivity and reinvestment program and $42 million related to the impairment of a trademark in Asia Pacific. In addition, other operating charges included $46 million of transaction costs associated with the purchase of

Costa, which we acquired in January 2019, and $95 million for costs incurred to refranchise certain of our North America bottling operations. These costs included, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the acquisition of Costa and refranchising of our bottling operations. Refer to Note 16 of Notes to Consolidated Financial Statements for information on the trademark impairment charge. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's productivity and reinvestment program. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

Operating Income and Operating Margin

Information about our operating income contribution by operating segment and Corporate on a percentage basis is as follows:

Year Ended December 31,	**2020**	2019
Europe, Middle East & Africa	**36.8 %**	35.2 %
Latin America	**23.5**	23.6
North America	**27.5**	25.7
Asia Pacific	**23.7**	22.6
Global Ventures	**(1.4)**	3.3
Bottling Investments	**3.4**	3.6
Corporate	**(13.5)**	(14.0)
Total	**100.0 %**	100.0 %

Operating margin is a ratio calculated by dividing operating income by net operating revenues. Management believes operating margin provides investors with useful information related to the profitability of our business after considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Information about our operating margin on a consolidated basis and by operating segment and Corporate is as follows:

Year Ended December 31,	**2020**	2019
Consolidated	**27.3 %**	27.1 %
Europe, Middle East & Africa	**59.9**	55.2
Latin America	**60.5**	57.7
North America	**21.5**	21.8
Asia Pacific	**50.6**	48.3
Global Ventures	**(6.2)**	13.1
Bottling Investments	**4.9**	4.8
Corporate	*	*

* Calculation is not meaningful.

Operating income was $8,997 million in 2020, compared to $10,086 million in 2019, a decrease of $1,089 million, or 11 percent. The decrease in operating income was primarily driven by a decline in net operating revenues due to the impact of the COVID-19 pandemic, an unfavorable foreign currency exchange rate impact and higher other operating charges, partially offset by lower selling, general and administrative expenses.

Operating income for each operating segment and Corporate was impacted by a decline in net operating revenues due to the impact of the COVID-19 pandemic. In addition, operating income for each operating segment and Corporate was impacted by the following:

- Europe, Middle East and Africa — lower selling, general and administrative expenses, partially offset by higher other operating charges and an unfavorable foreign currency exchange rate impact of 3 percent;
- Latin America — lower selling, general and administrative expenses, partially offset by higher other operating charges and an unfavorable foreign currency exchange rate impact of 21 percent;

- North America — lower selling, general and administrative expenses, partially offset by higher other operating charges;
- Asia Pacific — lower selling, general and administrative expenses and lower other operating charges, partially offset by an unfavorable foreign currency exchange rate impact of 1 percent;
- Global Ventures — operating loss in 2020 was primarily due to the temporary closures and gradual reopenings of the Costa retail stores;
- Bottling Investments — lower selling, general and administrative expenses, lower other operating charges and a favorable foreign currency exchange rate impact of 1 percent; and
- Corporate — operating loss in 2020 decreased primarily as a result of lower stock-based compensation expense, lower annual incentive expense and savings from productivity initiatives, partially offset by higher other operating charges and unfavorable manufacturing overhead variances due to lower volume.

In 2020, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 6 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the Mexican peso, Brazilian real, Chilean peso and Turkish lira, which had an unfavorable impact on our Latin America and Europe, Middle East and Africa operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the British pound sterling, Japanese yen and Philippine peso, which had a favorable impact on our Europe, Middle East and Africa, Global Ventures, Asia Pacific and Bottling Investments operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Interest Income

Interest income was $370 million in 2020, compared to $563 million in 2019, a decrease of $193 million, or 34 percent. This decrease was primarily driven by lower returns in certain of our international locations, as well as the unfavorable impact of fluctuations in foreign currency exchange rates.

Interest Expense

Interest expense was $1,437 million in 2020, compared to $946 million in 2019, an increase of $491 million, or 52 percent. This increase was primarily due to charges of $484 million associated with the extinguishment of certain long-term debt. The increase in interest expense was also driven by higher average balances resulting from long-term debt issuances in 2020, partially offset by lower short-term U.S. interest rates and balances. Refer to Note 10 of Notes to Consolidated Financial Statements.

Equity Income (Loss) — Net

Equity income (loss) — net represents our Company's proportionate share of net income or loss from each of our equity method investees. In 2020, equity income was $978 million, compared to equity income of $1,049 million in 2019, a decrease of $71 million, or 7 percent. This decrease reflects the impact of the COVID-19 pandemic on operating results reported by our equity method investees and the unfavorable impact of foreign currency exchange rate fluctuations. In addition, the Company recorded net charges of $216 million and $100 million in the line item equity income (loss) — net during the years ended December 31, 2020 and 2019, respectively. These amounts represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

Other Income (Loss) — Net

Other income (loss) — net includes, among other things, dividend income; gains and losses related to the disposal of property, plant and equipment; gains and losses related to acquisitions and divestitures; non-service cost components of net periodic benefit cost for pension and other postretirement benefit plans; other charges and credits related to pension and other postretirement benefit plans; realized and unrealized gains and losses on equity securities and trading debt securities; realized gains and losses on available-for-sale debt securities; other-than-temporary impairment charges; and net foreign currency exchange gains and losses. The foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 5 of Notes to Consolidated Financial Statements.

In 2020, other income (loss) — net was income of $841 million. The Company recognized a gain of $902 million in conjunction with the fairlife acquisition, which resulted from the remeasurement of our previously held equity interest in fairlife to fair value, a net gain of $148 million related to realized and unrealized gains and losses on equity securities and trading debt

securities as well as realized gains and losses on available-for-sale debt securities, a net gain of $18 million related to the sale of a portion of our ownership interest in one of our equity method investees and a gain of $17 million related to the sale of our ownership interest in an equity method investee in North America. These gains were partially offset by an other-than-temporary impairment charge of $252 million related to Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI"), an equity method investee, an other-than-temporary impairment charge of $38 million related to one of our equity method investees in Latin America, an impairment charge of $26 million associated with an investment in an equity security without a readily determinable fair value and a net loss of $55 million related to economic hedging activities. The Company also recorded net charges of $25 million related to the restructuring of our manufacturing operations in the United States and charges of $14 million for pension and other postretirement benefit plan settlements and curtailments related to the Company's strategic realignment initiatives. Other income (loss) — net also included income of $171 million related to the non-service cost components of net periodic benefit cost, $72 million of dividend income and net foreign currency exchange losses of $64 million. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the fairlife acquisition. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 5 of Notes to Consolidated Financial Statements for additional information on our economic hedging activities. Refer to Note 16 of Notes to Consolidated Financial Statements for additional information on the impairment charges. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's strategic realignment initiatives. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

In 2019, other income (loss) — net was income of $34 million. The Company recognized a gain of $739 million on the sale of a retail and office building in New York City. The Company also recognized a net gain of $250 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, a gain of $73 million related to the refranchising of certain bottling operations in India and a gain of $39 million related to the sale of a portion of our ownership interest in Embotelladora Andina S.A. ("Andina"). These gains were partially offset by other-than-temporary impairment charges of $406 million related to CCBJHI, an equity method investee, $255 million related to certain equity method investees in the Middle East, $57 million related to one of our equity method investees in North America and $49 million related to one of our equity method investees in Latin America. The Company also recorded an adjustment to reduce the carrying amount of CCBA's fixed assets and definite-lived intangible assets by $160 million and recognized a $118 million net loss in conjunction with our acquisition of the remaining ownership interest in CHI. Additionally, the Company recognized net charges of $105 million primarily related to post-closing adjustments as contemplated by the related agreements associated with the refranchising of certain bottling territories in North America and charges of $4 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single new form of bottling agreement with additional requirements. Other income (loss) — net also included income of $99 million related to the non-service cost components of net periodic benefit cost, $62 million of dividend income and net foreign currency exchange losses of $120 million. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the CCBA asset adjustment, refranchising activities, the North America conversion payments, the acquisition of the remaining ownership interest in CHI and the sale of a portion of our ownership interest in Andina. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

Income Taxes

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the statutory U.S. rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2023 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $317 million and $335 million for the years ended December 31, 2020 and 2019, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,
Statutory U.S. federal tax rate
State and local income taxes — net of federal benefit
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate
Equity income or loss
Excess tax benefits on stock-based compensation
Other — net
Effective tax rate

[1] Includes net tax charges of $110 million (or a 1.1 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon tax matters.

[2] Includes net tax expense of $431 million (or a 4.4 percent impact on our effective tax rate) primarily related to changes in judgment on specific tax positions due to the Opinion and amounts required to be recorded for changes to other uncertain tax positions, including interest and penalties. Also includes a tax benefit of $107 million (or a 1.1 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $135 million (or a 1.4 percent impact on our effective tax rate) related to domestic return to provision adjustments and other tax items.

[3] Includes a tax benefit of $40 million (or a 2.4 percent impact on our effective tax rate) associated with the $902 million gain recorded upon the acquisition of the remaining ownership interest in fairlife. Refer to Note 2 of Notes to Consolidated Financial Statements.

[4] Includes net tax charges of $199 million (or a 1.9 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon tax matters.

[5] Includes the impact of pretax charges of $710 million (or a 1.2 percent impact on our effective tax rate) related to the impairment of certain of our equity method investees.

[6] Includes a tax benefit of $199 million (or a 1.5 percent impact on our effective tax rate) recorded as a result of CCBA no longer qualifying as a discontinued operation. Refer to Note 2 of Notes to Consolidated Financial Statements.

[7] Includes a net tax benefit of $184 million (or a 1.7 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, a tax benefit of $145 million (or a 1.4 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $89 million (or a 0.8 percent impact on our effective tax rate) related to domestic return to provision adjustments as well as other agreed-upon tax matters.

On November 18, 2020, the Tax Court issued the Opinion regarding the Company's 2015 litigation with the IRS involving transfer pricing tax adjustments in which the court predominantly sided with the IRS. The Company disagrees with the Opinion and intends to vigorously defend its position. Refer to Note 11 of Notes to Consolidated Financial Statements.

As of December 31, 2020, the gross amount of unrecognized tax benefits was $915 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $588 million, exclusive of any benefits related to interest and penalties. The remaining $327 million primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,		**2020**		2019
Balance of unrecognized tax benefits at beginning of year	**$**	**392**	$	336
Increase related to prior period tax positions		**528** [1]		204 [2]
Decrease related to prior period tax positions		**(1)**		—
Increase related to current period tax positions		**26**		29
Decrease related to settlements with taxing authorities		**(19)**		(174) [3]
Increase (decrease) due to effect of foreign currency exchange rate changes		**(11)**		(3)
Balance of unrecognized tax benefits at end of year	**$**	**915**	$	392

[1] The increase was primarily related to a change in judgment on certain tax positions due to the Opinion. Refer to Note 11 of Notes to Consolidated Financial Statements.

[2] The increase was primarily related to a change in judgment about the Company's tax positions with several foreign jurisdictions.

[3] The decrease was primarily related to a change in judgment about one of the Company's tax positions that became certain as a result of settlement of a matter in the United States.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $391 million and $201 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2020 and 2019, respectively. Of these amounts, $190 million and $11 million of expense were recognized in income tax expense in 2020 and 2019, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would be a benefit to the Company's effective tax rate.

Based on current tax laws, the Company's effective tax rate in 2021 is expected to be approximately 19.5 percent before considering the potential impact of any significant operating and nonoperating items that may affect our effective tax rate.

Liquidity, Capital Resources and Financial Position

We believe our ability to generate cash flows from operating activities is one of the fundamental strengths of our business. Refer to the heading "Cash Flows from Operating Activities" below. The Company does not typically raise capital through the issuance of stock. Instead, we use debt financing to lower our overall cost of capital and increase our return on shareowners' equity. Refer to the heading "Cash Flows from Financing Activities" below. We have a history of borrowing funds both domestically and internationally at reasonable interest rates, and we expect to be able to continue to borrow funds at reasonable rates over the long term. Our debt financing also includes the use of a commercial paper program. While the COVID-19 pandemic initially caused a disruption in the commercial paper market, we currently have the ability to borrow funds in this market at levels that are consistent with our debt financing strategy and expect to continue to be able to do so in the future. The Company reviews its optimal mix of short-term and long-term debt regularly and, as a result of this review, during 2020 we issued U.S. dollar- and euro-denominated long-term debt of $15.6 billion and €2.6 billion, respectively, across various maturities with certain tranches having a longer duration than other recent long-term debt issuances. We used a portion of the proceeds from the long-term debt issuances to extinguish certain tranches of our previously issued long-term debt which had either near-term maturity dates and/or high coupon rates. While we intend to remain active in the commercial paper market, we also used a portion of the proceeds from the long-term debt issuances to reduce our commercial paper balance. Refer to Note 10 of Notes to Consolidated Financial Statements for additional information on the debt issuances and extinguishments.

The Company's cash, cash equivalents, short-term investments and marketable securities totaled $10.9 billion as of December 31, 2020. In addition to these funds, our commercial paper program and our ability to issue long-term debt, we had $7.5 billion in lines of credit for general corporate purposes as of December 31, 2020. These backup lines of credit expire at various times from 2021 through 2025.

While near-term uncertainty caused by the COVID-19 pandemic remains, we expect to see improvements in our business as vaccines become more widely available. The timing and availability of vaccines will be different around the world, and therefore we believe the pace of the recovery will vary by geography depending on both vaccine distribution and other macroeconomic factors. We will remain flexible so that we can adjust to near-term uncertainties while we continue to move forward on the initiatives we implemented to emerge stronger from the COVID-19 pandemic. In 2021, we plan to increase marketing spending behind our brands to drive increased net operating revenues. We expect the return on that spend to become more favorable as mobility stabilizes and away-from-home channels regain momentum. While many of the operating expenses that were significantly reduced in 2020 are likely to return in 2021, we will continue to focus on cash flow generation. Our current capital allocation priorities are focused on investing wisely to support our business operations and continuing to grow our dividend payment. We currently expect 2021 capital expenditures to be approximately $1.5 billion. In addition, we do not intend to repurchase shares under our Board of Directors' authorized plan during the year ending December 31, 2021, and we do not intend to change our approach toward paying dividends.

We are currently in litigation with the IRS for tax years 2007 through 2009. On November 18, 2020, the Tax Court issued the Opinion in which it predominantly sided with the IRS; however, a final decision is still pending and the timing of such decision is currently not known. The Company strongly disagrees with the IRS' positions and the portions of the Opinion affirming such positions and intends to vigorously defend our positions utilizing every available avenue of appeal. While the Company believes that it is more likely than not that we will ultimately prevail in this litigation upon appeal, it is possible that all, or some portion of, the adjustments proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In the event that all of the adjustments proposed by the IRS are ultimately upheld for the years at issue and the IRS, with the consent of the federal court, were to decide to apply the underlying methodology to the subsequent years up to and including 2020, the Company currently estimates that

the potential aggregate incremental tax and interest liability could be approximately $12 billion. Once the Tax Court renders a final decision, the Company will have 90 days to file a notice of appeal and pay the portion of the potential aggregate incremental tax and interest liability related to the 2007 through 2009 litigation period, which we currently estimate to be approximately $4.6 billion (including interest accrued through December 31, 2020), plus any additional interest accrued through the time of payment. Refer to Note 11 of Notes to Consolidated Financial Statements for additional information on the tax litigation.

While we believe it is more likely than not that we will prevail in the tax litigation discussed above, we are confident that, between our ability to generate cash flow from operations and our ability to borrow funds at reasonable interest rates, we can manage the range of possible outcomes in the final resolution of the matter.

Based on all of the aforementioned factors, the Company believes its current liquidity position is strong and will continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities for the foreseeable future.

Cash Flows from Operating Activities

As part of our continued efforts to improve our working capital efficiency, we have worked with our suppliers over the past several years to revisit terms and conditions, including the extension of payment terms. Our current payment terms with the majority of our suppliers are 120 days. Additionally, two global financial institutions offer a voluntary supply chain finance ("SCF") program which enables our suppliers, at their sole discretion, to sell their receivables from the Company to these financial institutions on a non-recourse basis at a rate that leverages our credit rating and thus may be more beneficial to them. The SCF program is available to suppliers of goods and services included in cost of goods sold as well as suppliers of goods and services included in selling, general and administrative expenses in our consolidated statement of income. The Company and our suppliers agree on the contractual terms for the goods and services we procure, including prices, quantities and payment terms, regardless of whether the supplier elects to participate in the SCF program. The suppliers sell goods or services, as applicable, to the Company and issue the associated invoices to the Company based on the agreed-upon contractual terms. Then, if they are participating in the SCF program, our suppliers, at their sole discretion, determine which invoices, if any, they want to sell to the financial institutions. Our suppliers' voluntary inclusion of invoices in the SCF program has no bearing on our payment terms. No guarantees are provided by the Company or any of our subsidiaries under the SCF program. We have no economic interest in a supplier's decision to participate in the SCF program, and we have no direct financial relationship with the financial institutions, as it relates to the SCF program. Accordingly, amounts due to our suppliers that elected to participate in the SCF program are included in the line item accounts payable and accrued expenses in our consolidated balance sheet. All activity related to amounts due to suppliers that elected to participate in the SCF program is reflected in the line item cash flows from operating activities in our consolidated statement of cash flows. We have been informed by the financial institutions that as of December 31, 2020 and 2019, suppliers had elected to sell $703 million and $784 million, respectively, of our outstanding payment obligations to the financial institutions. The amount settled through the SCF program was $2,810 million and $2,883 million during the years ended December 31, 2020 and 2019, respectively.

Net cash provided by operating activities for the years ended December 31, 2020 and 2019 was $9,844 million and $10,471 million, respectively, a decrease of $627 million, or 6 percent. This decrease was primarily driven by the decline in operating income, the extension of payment terms with certain of our suppliers in the prior year and the unfavorable impact of foreign currency exchange rate fluctuations. Net cash provided by operating activities included estimated benefits of $869 million for the year ended December 31, 2019 from the extension of payment terms with certain of our suppliers. We do not believe there is a risk that our payment terms will be shortened in the near future, and we do not currently expect our net cash provided by operating activities to be significantly impacted by additional extensions of payment terms in the foreseeable future.

In the fourth quarter of 2020, the Company started a trade accounts receivable factoring program in certain countries. Under this program we can elect to sell trade accounts receivables to unaffiliated financial institutions at a discount. In these factoring arrangements, for ease of administration, the Company will collect customer payments related to the factored receivables and remit those payments to the financial institutions. The Company sold $185 million of trade accounts receivables under this program during the year ended December 31, 2020, and the costs of factoring such receivables were not material. The Company classifies the cash received from the financial institutions within the operating activities section in the consolidated statement of cash flows.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities is summarized as follows (in millions):

Year Ended December 31,		**2020**		2019
Purchases of investments	**$**	**(13,583)**	$	(4,704)
Proceeds from disposals of investments		**13,835**		6,973
Acquisitions of businesses, equity method investments and nonmarketable securities		**(1,052)**		(5,542)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities		**189**		429
Purchases of property, plant and equipment		**(1,177)**		(2,054)
Proceeds from disposals of property, plant and equipment		**189**		978
Other investing activities		**122**		(56)
Net cash provided by (used in) investing activities	**$**	**(1,477)**	$	(3,976)

Purchases of Investments and Proceeds from Disposals of Investments

Purchases of investments and proceeds from disposals of investments resulted in net cash inflows of $252 million and $2,269 million in 2020 and 2019, respectively. This activity primarily represents the purchases of, and proceeds from the disposals of, investments in marketable securities and short-term investments that were made as part of the Company's overall cash management strategy. Also included in this activity are purchases of, and proceeds from the disposals of, investments held by our captive insurance companies.

Acquisitions of Businesses, Equity Method Investments and Nonmarketable Securities

In 2020, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,052 million, which primarily related to the acquisition of the remaining ownership interest in fairlife.

In 2019, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $5,542 million, which primarily related to the acquisitions of Costa and the remaining ownership interest in CHI. During 2019, the Company also acquired controlling interests in bottling operations in Zambia, Kenya and Eswatini.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our acquisitions during the years ended December 31, 2020 and 2019.

Proceeds from Disposals of Businesses, Equity Method Investments and Nonmarketable Securities

In 2020, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $189 million, which primarily related to the sale of our ownership interest in Piedmont Coca-Cola Bottling Partnership to Coca-Cola Consolidated, Inc., an equity method investee.

In 2019, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $429 million, which primarily related to the sale of a portion of our ownership interest in Andina and the refranchising of certain of our bottling operations in India.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our disposals during the years ended December 31, 2020 and 2019.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment for the years ended December 31, 2020 and 2019 were $1,177 million and $2,054 million, respectively.

Total capital expenditures for property, plant and equipment and the percentage of such totals by operating segment and Corporate were as follows (in millions):

Year Ended December 31,	2020	2019
Capital expenditures	**$ 1,177**	$ 2,054
Europe, Middle East & Africa	**2.3 %**	5.2 %
Latin America	**0.5**	6.8
North America	**15.5**	19.1
Asia Pacific	**1.7**	2.3
Global Ventures	**22.2**	10.2
Bottling Investments	**40.3**	40.7
Corporate	**17.6**	15.7

Cash Flows from Financing Activities

Net cash provided by (used in) financing activities is summarized as follows (in millions):

Year Ended December 31,	2020	2019
Issuances of debt	**$ 26,934**	$ 23,009
Payments of debt	**(28,796)**	(24,850)
Issuances of stock	**647**	1,012
Purchases of stock for treasury	**(118)**	(1,103)
Dividends	**(7,047)**	(6,845)
Other financing activities	**310**	(227)
Net cash provided by (used in) financing activities	**$ (8,070)**	$ (9,004)

Debt Financing

Our Company maintains debt levels we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. Our interest expense may also be affected by our credit ratings.

As of December 31, 2020, our long-term debt was rated "A+" by Standard & Poor's and "A1" by Moody's. Our commercial paper program was rated "A-1" by Standard & Poor's and "P-1" by Moody's. In assessing our credit strength, both rating agencies consider our capital structure (including the amount and maturity dates of our debt) and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, certain rating agencies also consider the financial information of certain bottlers, including CCEP, Coca-Cola Amatil Limited, Coca-Cola Consolidated, Inc., Coca-Cola FEMSA and Coca-Cola Hellenic. While the Company has no legal obligation for the debt of these bottlers, the rating agencies believe the strategic importance of the bottlers to the Company's business model provides the Company with an incentive to keep these bottlers viable. It is our expectation that these rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure, our major bottlers' financial performance, changes in the credit rating agencies' methodology in assessing our credit strength, or for any other reason, our cost of borrowing could increase. Additionally, if certain bottlers' credit ratings were to decline, the Company's equity income could be reduced as a result of the potential increase in interest expense for those bottlers.

We monitor our financial ratios and, as indicated above, the rating agencies consider these ratios in assessing our credit ratings. Each rating agency employs a different aggregation methodology and has different thresholds for the various financial ratios. These thresholds are not necessarily permanent, nor are they always fully disclosed to our Company.

Our global presence and strong capital position give us access to key financial markets around the world, enabling us to borrow funds at a low effective cost. This posture, coupled with active management of our mix of short-term and long-term debt and our mix of fixed-rate and variable-rate debt, results in a lower overall cost of borrowing. Our debt

management policies, in conjunction with our share repurchase program and investment activity, can result in current liabilities exceeding current assets.

Issuances and payments of debt included both short-term and long-term financing activities. In 2020, the Company had issuances of debt of $26,934 million, which included $8,260 million of issuances related to commercial paper and short-term debt with maturities greater than 90 days and long-term debt issuances of $18,674 million, net of related discounts and issuance costs.

During 2020, the Company made payments of debt of $28,796 million, which included $15,292 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and $1,768 million net issuances related to commercial paper and short-term debt with maturities of 90 days or less. The Company's total payments of long-term debt were $11,736 million.

In 2019, the Company had issuances of debt of $23,009 million, which included $16,842 million of issuances related to commercial paper and short-term debt with maturities greater than 90 days and long-term debt issuances of $6,167 million, net of related discounts and issuance costs.

During 2019, the Company made payments of debt of $24,850 million, which included $17,577 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and $2,244 million net issuances related to commercial paper and short-term debt with maturities of 90 days or less. The Company's total payments of long-term debt were $5,029 million.

Issuances of Stock

The issuances of stock in 2020 and 2019 were related to the exercise of stock options by Company employees.

Share Repurchases

In 2012, the Board of Directors authorized a share repurchase plan of up to 500 million shares of the Company's common stock. In 2019, our Board of Directors authorized a new plan for the Company to purchase up to an additional 150 million shares of our common stock.

During 2020, the Company did not repurchase common stock under the share repurchase plan authorized by our Board of Directors. In 2019, the Company repurchased 21 million shares of our common stock at an average price per share of $48.86 under the share repurchase plan authorized by our Board of Directors. Since the inception of our share repurchase program in 1984 through December 31, 2020, we have purchased 3.5 billion shares of our common stock at an average price per share of $17.25. In addition to shares repurchased under the share repurchase program authorized by our Board of Directors, the Company's treasury stock activity also includes shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees. The Company's treasury stock activity during 2020 resulted in a cash outflow of $118 million.

Dividends

The Company paid dividends of $7,047 million and $6,845 million during the years ended December 31, 2020 and 2019, respectively.

At its February 2021 meeting, our Board of Directors increased our regular quarterly dividend to $0.42 per share, equivalent to a full year dividend of $1.68 per share in 2021. This is our 59th consecutive annual increase. Our annualized common stock dividend was $1.64 per share and $1.60 per share in 2020 and 2019, respectively.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements

In accordance with the definition under SEC rules, the following qualify as off-balance sheet arrangements:

- any obligation under certain guarantee contracts;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation under certain derivative financial instruments; and
- any obligation arising out of a material variable interest held by the Registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Registrant, or engages in leasing, hedging or research and development services with the Registrant.

As of December 31, 2020, we were contingently liable for guarantees of indebtedness owed by third parties of $431 million, of which $109 million was related to VIEs. These guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts

represent the maximum potential future payments that we could be required to make under the guarantees. However, management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable. As of December 31, 2020, we were

not directly liable for the debt of any unconsolidated entity, and we did not have any retained or contingent interest in assets as defined above.

Our Company recognizes all derivative financial instruments as either assets or liabilities at fair value in our consolidated balance sheet. Refer to Note 5 of Notes to Consolidated Financial Statements.

Aggregate Contractual Obligations

As of December 31, 2020, the Company's contractual obligations, including payments due by period, were as follows (in millions):

	Payments Due by Period				
	Total	2021	2022-2023	2024-2025	2026 and Thereafter
Short-term loans and notes payable:[1]					
Commercial paper borrowings	$ 1,329	$ 1,329	$ —	$ —	$ —
Lines of credit and other short-term borrowings	854	854	—	—	—
Current maturities of long-term debt[2]	485	485	—	—	—
Long-term debt, net of current maturities[2]	39,591	—	5,604	4,816	29,171
Estimated interest payments[3]	9,452	681	1,358	1,117	6,296
Accrued income taxes[4]	4,042	788	1,091	2,163	—
Purchase obligations[5]	17,592	10,867	1,455	950	4,320
Marketing obligations[6]	4,106	2,091	758	472	785
Lease obligations	1,876	349	562	397	568
Total contractual obligations	$ 79,327	$ 17,444	$ 10,828	$ 9,915	$ 41,140

[1] Refer to Note 10 of Notes to Consolidated Financial Statements for information regarding short-term loans and notes payable. Upon payment of outstanding commercial paper, we typically issue new commercial paper. Lines of credit and other short-term borrowings are expected to fluctuate depending upon current liquidity needs, especially at international subsidiaries.

[2] Refer to Note 10 of Notes to Consolidated Financial Statements for information regarding long-term debt. We will consider several alternatives to settle this long-term debt, including the use of cash flows from operating activities, issuance of commercial paper or issuance of other long-term debt. The table above shows expected cash payments to be made by the Company in future periods and excludes the noncash portion of debt, including any fair market value adjustments, unamortized discounts and premiums.

[3] We calculated estimated interest payments for our long-term debt based on the applicable rates and payment dates. For our variable-rate debt, we have assumed the December 31, 2020 rate for all years presented. We typically expect to fund such interest payments with cash flows from operating activities and/or short-term borrowings.

[4] Refer to Note 14 of Notes to Consolidated Financial Statements for information regarding income taxes. Accrued income taxes include $3,639 million related to the one-time transition tax required by the Tax Reform Act. Liabilities of $1,296 million for unrecognized tax benefits plus accrued interest and penalties were not included in the total above. At this time, the settlement period for the unrecognized tax benefits cannot be determined. In addition, any payments related to unrecognized tax benefits may be partially or fully offset by reductions in payments in other jurisdictions.

[5] Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms. These agreements include long-term contractual obligations, open purchase orders, accounts payable and certain accrued liabilities. We expect to fund these purchase obligations with cash flows from operating activities.

[6] We expect to fund these marketing obligations with cash flows from operating activities.

The total accrued benefit liability for pension and other postretirement benefit plans recognized as of December 31, 2020 was $2,299 million. Refer to Note 13 of Notes to Consolidated Financial Statements. This amount is impacted by, among other items, net periodic benefit cost or income, funding levels, plan amendments, changes in plan demographics and assumptions, and the investment return on plan assets. Because the accrued liability does not represent expected liquidity needs, we did not include this amount in the table above.

We generally expect to fund all future pension contributions with cash flows from operating activities. Our international pension plans are generally funded in accordance with local laws and income tax regulations. The

Company expects to contribute $25 million in 2021 to our pension trusts, all of which will be allocated to our international plans. Refer to Note 13 of Notes to Consolidated Financial Statements. We did not include our estimated contributions to our pension trusts in the table above.

As of December 31, 2020, the projected benefit obligation of the U.S. qualified pension plans was $6,019 million, and the fair value of the plans' assets was $5,373 million. The projected benefit obligation of all pension plans other than the U.S. qualified pension plans was $3,395 million, and the fair value of the plans' assets was $3,266 million. The majority of this underfunding is attributable to an international pension plan for certain non-U.S. employees that is unfunded due to tax law restrictions as well as certain unfunded U.S. nonqualified pension plans. These U.S. nonqualified pension plans provide, for certain employees, benefits that are not permitted to be funded through a qualified plan because of limits imposed by the Internal Revenue Code of 1986. The expected benefit payments for these unfunded pension plans are not included in the table above. However, we anticipate annual benefit payments for these unfunded pension plans to be $108 million in 2021, $57 million in 2022 and increasing to $64 million by 2025. Thereafter, the annual benefit payments will decrease. Refer to Note 13 of Notes to Consolidated Financial Statements.

In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claims history. As of December 31, 2020, our self-insurance reserves totaled $265 million. Refer to Note 11 of Notes to Consolidated Financial Statements. We did not include estimated payments related to our self-insurance reserves in the table above.

Deferred income tax liabilities as of December 31, 2020 were $1,833 million. Refer to Note 14 of Notes to Consolidated Financial Statements. This amount is not included in the table above because we believe that presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the underlying assets or liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future years. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

In connection with our acquisition of the remaining ownership interest in fairlife, we are subject to making future milestone payments which are contingent on fairlife achieving certain financial targets through 2024 and, if achieved, are payable in 2021, 2023 and 2025. These milestone payments are based on agreed-upon formulas related to fairlife's operating results, the resulting values of which are not subject to a ceiling. Based on fairlife's operating results in 2020, we anticipate making the first milestone payment of $100 million during the first quarter of 2021. As of December 31, 2020, we have accrued $321 million, which represents our best estimate of the present value of these milestone payments. These estimated milestone payments are not included in the table above.

As of December 31, 2020, the Company had entered into a lease agreement for a production facility, which commences in the first quarter of 2021. Under the agreement, the Company will make future payments of approximately $540 million over the expected term, assuming we do not exercise any of the contractual purchase options. These future payments are not included in the table above.

Additionally, under the terms of the agreement for our investment in BA Sports Nutrition, LLC ("BodyArmor"), the Company has an option to acquire the remaining ownership interests in BodyArmor based on an agreed-upon formula, which becomes exercisable in 2021. Upon the expiration of the Company's option, BodyArmor can exercise an option on behalf of the other equity owners to sell their remaining interests to the Company based on the same agreed-upon formula. The Company intends on exercising its option; however, the acquisition is subject to regulatory approval. Any potential payments related to this potential acquisition are not included in the table above.

Foreign Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to changing economic and political environments as well as to fluctuations in currencies.

In 2020, we used 70 functional currencies in addition to the U.S. dollar. Due to the geographic diversity of our operations, weakness in some of these currencies may be offset by strength in others.

In 2020 and 2019, the weighted-average exchange rates for foreign currencies in which the Company conducted operations (all operating currencies), and for certain individual currencies, strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**2020**	2019
All operating currencies	**(4)%**	(5)%
Australian dollar	**(2)%**	(7)%
Brazilian real	**(23)**	(10)
British pound sterling	**1**	(4)
Euro	**1**	(5)
Japanese yen	**2**	1
Mexican peso	**(10)**	(1)
South African rand	**(18)**	(10)

The percentages in the table above do not include the effects of our hedging activities and, therefore, do not reflect the actual impact of fluctuations in foreign currency exchange rates on our operating results. Our foreign currency management program is designed to mitigate, over time, a portion of the potentially unfavorable impact of exchange rate changes on our net income and earnings per share.

The total currency impact on net operating revenues, including the effect of our hedging activities, was a decrease of 2 percent and 4 percent in 2020 and 2019, respectively. The total currency impact on income before income taxes, including the effect of our hedging activities, was a decrease of 6 percent and 10 percent in 2020 and 2019, respectively.

Foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 5 of Notes to Consolidated Financial Statements. Foreign currency exchange gains and losses are included as a component of other income (loss) — net in our consolidated statement of income. Refer to the heading "Operations Review — Other Income (Loss) — Net" above. The Company recorded net foreign currency exchange losses of $64 million and $120 million during the years ended December 31, 2020 and 2019, respectively.

Impact of Inflation and Changing Prices

Inflation affects the way we operate in many markets around the world. In general, we believe that, over time, we will be able to increase prices to counteract the majority of the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our productive capability.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We monitor our exposure to market risks using several objective measurement systems, including a sensitivity analysis to measure our exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Refer to Note 5 of Notes to Consolidated Financial Statements for additional information about our hedging transactions and derivative financial instruments.

Foreign Currency Exchange Rates

We manage most of our foreign currency exposures on a consolidated basis, which allows us to net certain exposures and take advantage of any natural offsets. In 2020, we used 70 functional currencies in addition to the U.S. dollar and generated $21.7 billion of our net operating revenues from operations outside the United States; therefore, weakness

in some currencies may be offset by strength in other currencies over time. We use derivative financial instruments to further reduce our net exposure to foreign currency fluctuations.

Our Company enters into forward exchange contracts and purchases foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. Additionally, we enter into forward exchange contracts to offset the earnings impact related to foreign currency fluctuations on

certain monetary assets and liabilities. We also enter into forward exchange contracts as hedges of net investments in foreign operations.

The total notional values of our foreign currency derivatives were $16,663 million and $14,276 million as of December 31, 2020 and 2019, respectively. These values include derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. The fair value of foreign currency derivatives that qualify for hedge accounting resulted in a net unrealized gain of $117 million as of December 31, 2020, and we estimate that a 10 percent weakening of the U.S. dollar would have increased the net unrealized gain to $140 million. The fair value of the foreign currency derivatives that do not qualify for hedge accounting resulted in a net unrealized loss of $12 million as of December 31, 2020, and we estimate that a 10 percent weakening of the U.S. dollar would have resulted in a $143 million increase in fair value.

Interest Rates

The Company is subject to interest rate volatility with regard to existing and future issuances of debt. We monitor our mix of fixed-rate and variable-rate debt as well as our mix of short-term debt and long-term debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations.

Based on the Company's variable-rate debt and derivative instruments outstanding as of December 31, 2020, we estimate that a 1 percentage point increase in interest rates would have increased interest expense by $104 million in 2020. However, this increase in interest expense would have been partially offset by the increase in interest income due to higher interest rates.

The Company is subject to interest rate risk related to its investments in highly liquid debt securities. These investments are primarily managed by external managers within the guidelines of the Company's investment policy. Our policy requires these investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss. In addition, our policy limits the amount of credit exposure to any one issuer. We estimate that a 1 percentage point increase in interest rates would result in a $53 million decrease in the fair value of our portfolio of highly liquid debt securities.

Commodity Prices

The Company is subject to market risk with respect to commodity price fluctuations, principally related to our purchases of sweeteners, metals, juices, PET and fuels. We manage our exposure to commodity risks primarily through the use of supplier pricing agreements, which enable us to establish the purchase prices for certain inputs that are used in our manufacturing and distribution operations. When deemed appropriate, we use derivative financial instruments to further manage our exposure to commodity risks. Certain of these derivatives do not qualify for hedge accounting, but they are effective economic hedges that help the Company mitigate the price risk associated with the purchases and transportation of materials used in our manufacturing processes.

The total notional values of our commodity derivatives were $726 million and $427 million as of December 31, 2020 and 2019, respectively. These values included derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. The fair value of the commodity derivatives that qualify for hedge accounting resulted in a net unrealized gain of $2 million as of December 31, 2020, and we estimate that a 10 percent decrease in underlying commodity prices would reduce the net unrealized gain to $1 million. The fair value of the commodity derivatives that do not qualify for hedge accounting resulted in a net gain of $69 million as of December 31, 2020, and we estimate that a 10 percent decrease in underlying commodity prices would have resulted in a $64 million decrease in fair value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Year Ended December 31,		**2020**		2019		2018
Net Operating Revenues	**$**	**33,014**	$	37,266	$	34,300
Cost of goods sold		**13,433**		14,619		13,067
Gross Profit		**19,581**		22,647		21,233
Selling, general and administrative expenses		**9,731**		12,103		11,002
Other operating charges		**853**		458		1,079
Operating Income		**8,997**		10,086		9,152
Interest income		**370**		563		689
Interest expense		**1,437**		946		950
Equity income (loss) — net		**978**		1,049		1,008
Other income (loss) — net		**841**		34		(1,674)
Income Before Income Taxes		**9,749**		10,786		8,225
Income taxes		**1,981**		1,801		1,749
Consolidated Net Income		**7,768**		8,985		6,476
Less: Net income (loss) attributable to noncontrolling interests		**21**		65		42
Net Income Attributable to Shareowners of The Coca-Cola Company	**$**	**7,747**	$	8,920	$	6,434
Basic Net Income Per Share[1]	**$**	**1.80**	$	2.09	$	1.51
Diluted Net Income Per Share[1]	**$**	**1.79**	$	2.07	$	1.50
Average Shares Outstanding — Basic		**4,295**		4,276		4,259
Effect of dilutive securities		**28**		38		40
Average Shares Outstanding — Diluted		**4,323**		4,314		4,299

[1] Calculated based on net income attributable to shareowners of The Coca-Cola Company.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

Year Ended December 31,		**2020**		2019		2018
Consolidated Net Income	**$**	**7,768**	$	8,985	$	6,476
Other Comprehensive Income:						
Net foreign currency translation adjustments		**(911)**		74		(2,035)
Net gains (losses) on derivatives		**15**		(54)		(7)
Net change in unrealized gains (losses) on available-for-sale debt securities		**(47)**		18		(34)
Net change in pension and other postretirement benefit liabilities		**(267)**		(159)		29
Total Comprehensive Income		**6,558**		8,864		4,429
Less: Comprehensive income attributable to noncontrolling interests		**(132)**		110		95
Total Comprehensive Income Attributable to Shareowners of The Coca-Cola Company	**$**	**6,690**	$	8,754	$	4,334

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions except par value)

December 31,	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 6,795**	$ 6,480
Short-term investments	**1,771**	1,467
Total Cash, Cash Equivalents and Short-Term Investments	**8,566**	7,947
Marketable securities	**2,348**	3,228
Trade accounts receivable, less allowances of $526 and $524, respectively	**3,144**	3,971
Inventories	**3,266**	3,379
Prepaid expenses and other assets	**1,916**	1,886
Total Current Assets	**19,240**	20,411
Equity method investments	**19,273**	19,025
Other investments	**812**	854
Other assets	**6,184**	6,075
Deferred income tax assets	**2,460**	2,412
Property, plant and equipment — net	**10,777**	10,838
Trademarks with indefinite lives	**10,395**	9,266
Goodwill	**17,506**	16,764
Other intangible assets	**649**	736
Total Assets	**$ 87,296**	$ 86,381
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**$ 11,145**	$ 11,312
Loans and notes payable	**2,183**	10,994
Current maturities of long-term debt	**485**	4,253
Accrued income taxes	**788**	414
Total Current Liabilities	**14,601**	26,973
Long-term debt	**40,125**	27,516
Other liabilities	**9,453**	8,510
Deferred income tax liabilities	**1,833**	2,284
The Coca-Cola Company Shareowners' Equity		
Common stock, $0.25 par value; authorized — 11,200 shares; issued — 7,040 shares	**1,760**	1,760
Capital surplus	**17,601**	17,154
Reinvested earnings	**66,555**	65,855
Accumulated other comprehensive income (loss)	**(14,601)**	(13,544)
Treasury stock, at cost — 2,738 and 2,760 shares, respectively	**(52,016)**	(52,244)
Equity Attributable to Shareowners of The Coca-Cola Company	**19,299**	18,981
Equity attributable to noncontrolling interests	**1,985**	2,117
Total Equity	**21,284**	21,098
Total Liabilities and Equity	**$ 87,296**	$ 86,381

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

Year Ended December 31,	2020	2019	2018
Operating Activities			
Consolidated net income	**$ 7,768**	$ 8,985	$ 6,476
Depreciation and amortization	**1,536**	1,365	1,086
Stock-based compensation expense	**126**	201	225
Deferred income taxes	**(18)**	(280)	(413)
Equity (income) loss — net of dividends	**(511)**	(421)	(457)
Foreign currency adjustments	**(88)**	91	(50)
Significant (gains) losses — net	**(914)**	(467)	743
Other operating charges	**556**	127	558
Other items	**699**	504	699
Net change in operating assets and liabilities	**690**	366	(1,240)
Net Cash Provided by Operating Activities	**9,844**	10,471	7,627
Investing Activities			
Purchases of investments	**(13,583)**	(4,704)	(7,789)
Proceeds from disposals of investments	**13,835**	6,973	14,977
Acquisitions of businesses, equity method investments and nonmarketable securities	**(1,052)**	(5,542)	(1,263)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	**189**	429	1,362
Purchases of property, plant and equipment	**(1,177)**	(2,054)	(1,548)
Proceeds from disposals of property, plant and equipment	**189**	978	248
Other investing activities	**122**	(56)	(60)
Net Cash Provided by (Used in) Investing Activities	**(1,477)**	(3,976)	5,927
Financing Activities			
Issuances of debt	**26,934**	23,009	27,605
Payments of debt	**(28,796)**	(24,850)	(30,600)
Issuances of stock	**647**	1,012	1,476
Purchases of stock for treasury	**(118)**	(1,103)	(1,912)
Dividends	**(7,047)**	(6,845)	(6,644)
Other financing activities	**310**	(227)	(272)
Net Cash Provided by (Used in) Financing Activities	**(8,070)**	(9,004)	(10,347)
Effect of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**76**	(72)	(262)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents			
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the year	**373**	(2,581)	2,945
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	**6,737**	9,318	6,373
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents at End of Year	**7,110**	6,737	9,318
Less: Restricted cash and restricted cash equivalents at end of year	**315**	257	241
Cash and Cash Equivalents at End of Year	**$ 6,795**	$ 6,480	$ 9,077

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY
(In millions except per share data)

Year Ended December 31,	2020	2019	2018
Equity Attributable to Shareowners of The Coca-Cola Company			
Number of Common Shares Outstanding			
Balance at beginning of year	**4,280**	4,268	4,259
Treasury stock issued to employees related to stock-based compensation plans	**22**	33	48
Purchases of stock for treasury	**—**	(21)	(39)
Balance at end of year	**4,302**	4,280	4,268
Common Stock	**$ 1,760**	$ 1,760	$ 1,760
Capital Surplus			
Balance at beginning of year	**17,154**	16,520	15,864
Stock issued to employees related to stock-based compensation plans	**307**	433	467
Stock-based compensation expense	**141**	201	225
Other activities	**(1)**	—	(36)
Balance at end of year	**17,601**	17,154	16,520
Reinvested Earnings			
Balance at beginning of year	**65,855**	63,234	60,430
Adoption of accounting standards[1]	**—**	546	3,014
Net income attributable to shareowners of The Coca-Cola Company	**7,747**	8,920	6,434
Dividends (per share — $1.64, $1.60 and $1.56 in 2020, 2019 and 2018, respectively)	**(7,047)**	(6,845)	(6,644)
Balance at end of year	**66,555**	65,855	63,234
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of year	**(13,544)**	(12,814)	(10,305)
Adoption of accounting standards[1]	**—**	(564)	(409)
Net other comprehensive income (loss)	**(1,057)**	(166)	(2,100)
Balance at end of year	**(14,601)**	(13,544)	(12,814)
Treasury Stock			
Balance at beginning of year	**(52,244)**	(51,719)	(50,677)
Treasury stock issued to employees related to stock-based compensation plans	**228**	501	704
Purchases of stock for treasury	**—**	(1,026)	(1,746)
Balance at end of year	**(52,016)**	(52,244)	(51,719)
Total Equity Attributable to Shareowners of The Coca-Cola Company	**$ 19,299**	$ 18,981	$ 16,981
Equity Attributable to Noncontrolling Interests			
Balance at beginning of year	**$ 2,117**	$ 2,077	$ 1,905
Net income attributable to noncontrolling interests	**21**	65	42
Net foreign currency translation adjustments	**(153)**	45	53
Dividends paid to noncontrolling interests	**(18)**	(48)	(31)
Acquisition of interests held by noncontrolling owners	**—**	(84)	—
Contributions by noncontrolling interests	**17**	3	—
Business combinations	**1**	59	101
Other activities	**—**	—	7
Total Equity Attributable to Noncontrolling Interests	**$ 1,985**	$ 2,117	$ 2,077

[1] Refer to Note 1 and Note 5.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When used in these notes, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

Description of Business

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market numerous nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as the Company's consolidated bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for 1.9 billion of the approximately 62 billion servings of all beverages consumed worldwide every day.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 11. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $2,567 million and $3,179 million as of December 31, 2020 and 2019, respectively, representing our maximum exposures to loss. The Company's investments, plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's investments, plus any loans and guarantees, related to these VIEs totaled $74 million and $51 million as of December 31, 2020 and 2019, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions, other commercial arrangements and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Revenue Recognition

Our Company recognizes revenue when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Refer to Note 3.

Advertising Costs

Our Company expenses production costs of print, radio, television and other advertisements as of the first date the advertisements take place. All other marketing expenditures are expensed in the annual period in which the expenditure is incurred. Advertising costs included in the line item selling, general and administrative expenses in our consolidated statements of income were $3 billion in 2020 and $4 billion in 2019 and 2018. As of December 31, 2020 and 2019, advertising and production costs of $83 million and $55 million, respectively, were primarily recorded in the line item prepaid expenses and other assets in our consolidated balance sheets.

For interim reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple interim periods to each of our interim reporting periods. We use the proportion of each interim period's actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each interim reporting period, we review our estimated full year unit case volume and our estimated full year marketing expenditures in order to evaluate if a change in estimate is necessary. The impact of any changes in these full year estimates is recognized in the interim period in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

Shipping and Handling Costs

Shipping and handling costs related to the movement of goods from our manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated statement of income. Shipping and handling costs incurred to move goods from our manufacturing locations or sales distribution centers to our customers are also included in the line item cost of goods sold in our consolidated statement of income, except for costs incurred to distribute goods sold by our consolidated bottlers to our customers, which are included in the line item selling, general and administrative expenses. Our customers generally do not pay us separately for shipping and handling costs. We recognize the cost of shipping and handling activities that are performed after a customer obtains control of the goods as costs to fulfill our promise to provide goods to the customer. As a result of this election, the Company does not evaluate whether shipping and handling activities are services promised to customers. If revenue is recognized for the related goods before the shipping and handling activities occur, the related costs of those shipping and handling activities are accrued.

Sales, Use, Value-Added and Excise Taxes

The Company collects taxes imposed directly on its customers related to sales, use, value-added, excise and other similar taxes. The Company then remits such taxes on behalf of its customers to the applicable governmental authorities. We exclude from net operating revenues the tax amounts imposed on revenue-producing transactions that were collected from our customers to be remitted to governmental authorities. Accordingly, such tax amounts are recorded in the line item trade accounts receivable in our consolidated balance sheet when collection of taxes from the customer has not yet occurred and are recorded in the line item accounts payable and accrued expenses in our consolidated balance sheet until they are remitted to the applicable governmental authorities. Taxes imposed directly

on the Company, whether based on receipts from sales, inventory procurement costs or manufacturing activities, are recorded in the line item cost of goods sold in our consolidated statement of income.

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to shareowners of The Coca-Cola Company by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per share is computed similarly to basic net income per share, except that it includes the potential dilution that could occur if dilutive securities were exercised. Approximately 6 million and 5 million stock option awards were excluded from the computations of diluted net income per share in 2020 and 2018, respectively, because the awards would have been antidilutive for the years presented. The number of stock option awards excluded from the computation of diluted net income per share in 2019 was insignificant.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents or restricted cash equivalents, as applicable. Restricted cash and restricted cash equivalents generally consist of amounts held by our captive insurance companies, which are included in the line item other assets on our consolidated balance sheet. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our concentrations of credit risk.

The following table provides a summary of cash, cash equivalents, restricted cash and restricted cash equivalents that constitute the total amounts shown in the consolidated statements of cash flows (in millions):

December 31,		**2020**		2019		2018
Cash and cash equivalents	**$**	**6,795**	$	6,480	$	9,077
Restricted cash and restricted cash equivalents included in other assets[1]		**315**		257		241
Cash, cash equivalents, restricted cash and restricted cash equivalents	**$**	**7,110**	$	6,737	$	9,318

[1] Amounts represent restricted cash and restricted cash equivalents in our solvency capital portfolio set aside primarily to cover pension obligations in certain of our European and Canadian pension plans. Refer to Note 4.

Short-Term Investments

We classify time deposits and other investments that have maturities of greater than three months but less than one year as short-term investments.

Investments in Equity and Debt Securities

We measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with the change in fair value included in net income. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis. Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Refer to Note 4 for additional information on our policy for investments, which includes our assessment of impairments.

Trade Accounts Receivable

We record trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any expected loss on the trade accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on available relevant information, in addition to historical loss information, the level of past-due accounts based on the contractual terms of the receivables, and our relationships with, and the economic status of, our bottling partners and customers. We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

In the fourth quarter of 2020, the Company started a trade accounts receivable factoring program in certain countries. Under this program we can elect to sell trade accounts receivables to unaffiliated financial institutions at a discount. In these factoring arrangements, for ease of administration, the Company will collect customer payments related to the factored receivables and remit those payments to the financial institutions. The Company sold $185 million of trade accounts receivables under this program during the year ended December 31, 2020, and the costs of factoring such receivables were not material. The Company accounts for this program as a sale, and accordingly, the trade receivables sold are excluded from trade accounts receivable on our consolidated balance sheet. The cash received from the financial institutions is classified within the operating activities section in the consolidated statement of cash flows.

Inventories

Inventories consist primarily of raw materials and packaging (which include ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate operations and finished beverages in our finished product operations). Inventories are valued at the lower of cost or net realizable value. We determine cost on the basis of the average cost or first-in, first-out methods.

Inventories consisted of the following (in millions):

December 31,		**2020**		2019
Raw materials and packaging	**$**	**2,106**	$	2,180
Finished goods		**791**		851
Other		**369**		348
Total inventories	**$**	**3,266**	$	3,379

Derivative Instruments

Our Company, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk. All derivatives are carried at fair value in our consolidated balance sheet in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The cash flow impact of the Company's derivative instruments is primarily included in our consolidated statement of cash flows in net cash provided by operating activities. Refer to Note 5.

Leases

Effective January 1, 2019, we adopted Accounting Standards Codification ("ASC") 842, *Leases*. We determine if an arrangement contains a lease at inception based on whether or not the Company has the right to control the asset during the contract period and other facts and circumstances.

We are the lessee in a lease contract when we obtain the right to control the asset. Operating leases are included in the line items other assets, accounts payable and accrued expenses, and other liabilities in our consolidated balance sheet. Operating lease right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on our consolidated balance sheet and are expensed on a straight-line basis over the lease term in our consolidated statement of income. We determine the lease term by assuming the exercise of renewal options that are reasonably certain. As most of our leases do not provide an implicit interest rate, we use our local incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. When our contracts contain lease and non-lease components, we account for both components as a single lease component. Refer to Note 9.

We have various arrangements for certain fountain equipment under which we are the lessor. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets, which are reviewed periodically and generally have the following ranges: buildings and improvements: 40 years or less; and machinery and equipment: 20 years or less. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term, including renewals that are deemed to be reasonably assured, or the estimated useful life of the improvement. Depreciation is not recorded during the period in which a long-lived asset or disposal group is classified as held for sale, even if the asset or disposal group continues to generate revenue during the period. Depreciation expense, including the depreciation expense of assets under finance leases, totaled $1,301 million, $1,208 million and $999 million in 2020, 2019 and 2018, respectively. Amortization expense for leasehold improvements totaled $18 million in 2020, 2019 and 2018.

The following table summarizes our property, plant and equipment (in millions):

December 31,		**2020**		2019
Land	**$**	**676**	$	659
Buildings and improvements		**4,782**		4,576
Machinery and equipment		**14,242**		13,686
Property, plant and equipment — cost		**19,700**		18,921
Less: Accumulated depreciation		**8,923**		8,083
Property, plant and equipment — net	**$**	**10,777**	$	10,838

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models. These appraisals and models include assumptions we believe are consistent with those a market participant would use.

Goodwill, Trademarks and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally less than 25 years. Refer to Note 7.

When events or circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which include assumptions we believe are consistent with those a market participant would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which include assumptions we believe are consistent with those a market participant would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. Our Global Ventures operating segment includes the results of our Costa Limited ("Costa"), innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster Beverage Corporation ("Monster"), each of which is its own reporting unit. The Bottling Investments operating segment includes all consolidated bottling operations, regardless of geographic location.

Generally, each consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value,
including goodwill. If the fair value of the reporting unit is less than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a market participant would use. The Company has the option to perform a qualitative assessment of goodwill in order to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further testing.

Impairment charges related to intangible assets, including goodwill, are generally recorded in the line item other operating charges or, to the extent they relate to equity method investees, in the line item equity income (loss) — net in our consolidated statement of income.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Refer to Note 11.

Stock-Based Compensation

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. These awards include stock options, restricted stock units, restricted stock and performance-based share units. The fair value of our stock option grants is estimated on the grant date using a Black-Scholes-Merton option-pricing model. The Company recognizes compensation expense on a straight-line basis over the period the stock option grant is earned by the employee, which is generally four years.

The fair value of our restricted stock units, restricted stock and certain performance-based share units is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the relevant period. For most performance-based share units granted from 2014 to 2017 and for performance-based share units granted to executives in 2018, 2019 and 2020, the Company includes a relative total shareowner return ("TSR") modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of performance-based share units that include the TSR modifier is determined using a Monte Carlo valuation model.

In the period it becomes probable that the minimum performance threshold specified in the performance-based share award will be achieved, we recognize expense for the proportionate share of the total fair value of the award related to the vesting period that has already lapsed. The remaining fair value of the award is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum performance threshold specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made.

The Company has made a policy election to estimate the number of stock-based compensation awards that are expected to vest to determine the amount of compensation expense recognized in earnings. Forfeiture estimates are trued-up through the vesting date in order to ensure that total compensation expense is recognized only for those awards that ultimately vest. Refer to Note 12.

Income Taxes

Income tax expense includes U.S., state, local and international income taxes. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax

rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based

upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. The number of years subject to tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Refer to Note 11 and Note 14.

Translation and Remeasurement

We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Generally, our foreign subsidiaries use the local currency as their functional currency. Changes in the carrying values of these assets and liabilities attributable to fluctuations in spot rates are recognized in net foreign currency translation adjustments, a component of AOCI. Refer to Note 15. Accounts in our consolidated statement of income are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is recognized in the line item other income (loss) — net in our consolidated statement of income and is partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 5.

Recently Adopted Accounting Guidance

In August 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"), which eliminates the requirement to separately measure and report hedge ineffectiveness and requires companies to recognize all elements of hedge accounting that impact earnings in the same line item in the statement of income where the hedged item resides. The amendments in this update include new alternatives for measuring the hedged item for fair value hedges of interest rate risk and ease the requirements for effectiveness testing, hedge documentation and applying the critical terms match method. We adopted ASU 2017-12 effective January 1, 2019 using the modified retrospective method. We recognized a cumulative effect adjustment to decrease the opening balance of reinvested earnings as of January 1, 2019 by $12 million, net of tax. Refer to Note 5 for additional disclosures required by this ASU.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"), which permits entities to reclassify the disproportionate income tax effects of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act") on items within AOCI to reinvested earnings. These disproportionate income tax effect items are referred to as "stranded tax effects." The amendments in this update only relate to the reclassification of the income tax effects of the Tax Reform Act. Other accounting guidance that requires the effect of changes in tax laws or rates to be included in net income is not affected by this update. We adopted ASU 2018-02 effective January 1, 2019. We recognized a cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2019 by $558 million related to the effect that the change in the income tax rate had on the gross deferred tax amounts of items remaining in AOCI.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09, and its amendments, were primarily included in ASC 606, *Revenue from Contracts with Customers*, which we adopted effective January 1, 2018 using the modified retrospective method. We recognized a cumulative effect adjustment to decrease the opening balance of reinvested earnings as of January 1, 2018 by $257 million, net of tax.

In January 2016, the FASB issued ASU 2016-01, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 was effective for the Company beginning January 1, 2018, and we are now recognizing any changes in the fair value of certain equity investments in net income as prescribed by the new standard rather than in other comprehensive income ("OCI"). We recognized a cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2018 by $409 million, net of tax.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which requires the Company to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 was effective for the Company beginning January 1, 2018 and was adopted

using a modified retrospective basis. We recorded a $2.9 billion cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2018, with the majority of the offset being recorded in the line item deferred income tax assets in our consolidated balance sheet.

In March 2018, the FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118.* The amendments in this update provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Reform Act. The amendments also require any provisional amounts or subsequent adjustments to be included in net income. Additionally, this ASU discusses required disclosures that an entity must make with regard to the Tax Reform Act. This ASU is effective immediately as new information is available to adjust provisional amounts that were previously recorded. The Company adopted this standard and subsequently finalized the accounting based on the guidance, interpretations and data available as of December 31, 2018. Refer to Note 14.

NOTE 2: ACQUISITIONS AND DIVESTITURES

Acquisitions

During 2020, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,052 million, which primarily related to the acquisition of the remaining ownership interest in fairlife, LLC ("fairlife").

During 2019, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $5,542 million, which primarily related to the acquisitions of Costa, the remaining ownership interest in C.H.I. Limited ("CHI") and controlling interests in bottling operations in Zambia, Kenya, and Eswatini.

During 2018, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,263 million, which included the acquisition of the 51 percent controlling interest in the Philippine bottling operations from Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), an equity method investee. Additionally, we acquired a minority interest in BA Sports Nutrition, LLC ("BodyArmor"). We account for our minority interest in BodyArmor as an equity method investment based on our equity ownership percentage and our representation on their Management Committee. We obtained an option to acquire the remaining ownership interests in BodyArmor based on an agreed-upon formula, which becomes exercisable in 2021. Upon the expiration of the Company's option, BodyArmor can exercise an option on behalf of the other equity owners to sell their remaining interests to the Company based on the same agreed-upon formula. The Company also acquired additional ownership interests in the Company's franchise bottlers in the United Arab Emirates and in Oman, both of which were previously equity method investees of the Company. As a result of the additional interest acquired in the Oman bottler, we obtained a controlling interest, resulting in its consolidation. During 2018, the Company also acquired controlling interests in bottling operations in Zambia and Botswana.

fairlife, LLC

In January 2020, the Company acquired the remaining 57.5 percent ownership interest in, and now owns 100 percent of, fairlife. fairlife offers a broad portfolio of products in the value-added dairy category across North America. A significant portion of fairlife's revenues was already reflected in our consolidated financial statements, as we have operated as the sales and distribution organization for certain fairlife products. Upon consolidation, we recognized a gain of $902 million resulting from the remeasurement of our previously held equity interest in fairlife to fair value. The fair value of our previously held equity interest was determined using a discounted cash flow model based on Level 3 inputs. The gain was recorded in the line item other income (loss) — net in our consolidated statement of income. We acquired the remaining ownership interest in exchange for $979 million of cash, net of cash acquired, and effectively settled our $306 million note receivable from fairlife at the recorded amount. Under the terms of the agreement, we are subject to making future milestone payments which are contingent on fairlife achieving certain financial targets through 2024 and, if achieved, are payable in 2021, 2023 and 2025. These milestone payments are based on agreed-upon formulas related to fairlife's operating results, the resulting values of which are not subject to a ceiling. Under the applicable accounting guidance, we recorded a $270 million liability representing our best estimate of the fair value of this contingent consideration. The fair value of this contingent consideration was determined using a Monte Carlo valuation model based on Level 3 inputs. We will be required to remeasure this liability to fair value quarterly with any changes in the fair value recorded in income until the final milestone payment is made. During the year ended December 31, 2020, we recorded charges of $51 million related to this

remeasurement in the line item other operating charges in our consolidated statement of income. Upon finalization of purchase accounting, $1.3 billion of the purchase price was allocated to the fairlife trademark and $0.8 billion was allocated to goodwill. The goodwill recognized as part of this acquisition is primarily related to synergistic value created from the opportunity for additional expansion. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce. The goodwill is not tax deductible and has been assigned to the North America operating segment.

Costa Limited

In January 2019, the Company acquired Costa in exchange for $4.9 billion of cash, net of cash acquired. Costa is a coffee business with retail outlets in more than 30 countries, the Costa Express vending system and a state-of-the-art roastery. We believe this acquisition will allow us to increase our presence in the hot beverage market, as Costa has a scalable platform across multiple formats and channels, including opportunities to introduce ready-to-drink products. Upon finalization of purchase accounting, $2.4 billion of the purchase price was allocated to the Costa trademark and $2.5 billion was allocated to goodwill. The goodwill recognized as part of this acquisition is primarily related to synergistic value created from the opportunity for additional expansion as well as our ability to market and distribute Costa in ready-to-drink form throughout our bottling system. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce. The goodwill is not tax deductible and has been assigned to the Global Ventures operating segment, except for $108 million, which was allocated to the Europe, Middle East and Africa operating segment.

C.H.I. Limited

In January 2019, the Company acquired the remaining 60 percent ownership interest in CHI, a Nigerian producer of value-added dairy and juice beverages and iced tea, in exchange for $257 million of cash, net of cash acquired, under the terms of the agreement for our original investment in CHI. Upon consolidation, we recognized a net loss of $118 million, which included the remeasurement of our previously held equity interest in CHI to fair value and the reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. The net loss was recorded in the line item other income (loss) — net in our consolidated statement of income.

Philippine Bottling Operations

In December 2018, the Company acquired the 51 percent controlling interest in the Philippine bottling operations held by Coca-Cola FEMSA, an equity method investee, in exchange for $715 million of cash. The acquired business had $345 million of cash on hand upon acquisition. The acquisition was a result of Coca-Cola FEMSA exercising the option to sell its ownership interest to the Company. Coca-Cola FEMSA obtained this option when it originally acquired the controlling interest from the Company in 2013. As a result of this acquisition, we now own 100 percent of the Philippine bottling operations. Upon consolidation, we recognized a net charge of $32 million, which included the remeasurement of our previously held equity interest in the Philippine bottling operations to fair value and the reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. The net charge was recorded in the line item other income (loss) — net in our consolidated statement of income.

Divestitures

During 2020, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $189 million, which primarily related to the sale of our ownership interest in Piedmont Coca-Cola Bottling Partnership to Coca-Cola Consolidated, Inc., an equity method investee, for cash proceeds of $100 million. Also included was the sale of our ownership interest in an equity method investee in North America and the sale of a portion of our ownership interest in one of our other equity method investees. We recognized a net loss of $2 million, a gain of $17 million, and a net gain of $18 million, respectively, as a result of these sales, which were recorded in the line item other income (loss) — net in our consolidated statement of income.

During 2019, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $429 million, which primarily related to the sale of a portion of our ownership interest in Embotelladora Andina S.A. ("Andina") and the refranchising of certain of our bottling operations in India. As a result of these transactions, we recognized gains of $39 million and $73 million, respectively, which were recorded in the line item other income (loss) — net in our consolidated statement of income. We continue to account for our remaining ownership interest in Andina as an equity method investment as a result of our representation on Andina's Board of Directors and other governance rights.

During 2018, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $1,362 million, which primarily related to proceeds from the refranchising of our Canadian and Latin American bottling operations as well as the sale of our ownership interest in Corporación Lindley S.A. ("Lindley").

Latin America Bottling Operations

During 2018, the Company sold its bottling operations in Latin America to Coca-Cola FEMSA, an equity method investee. We received net cash proceeds of $289 million as a result of these sales and recognized a net gain of $47 million, which was included in the line item other income (loss) — net in our consolidated statement of income.

Corporación Lindley S.A.

In September 2018, we sold our ownership interest in Lindley to AC Bebidas, S. de R.L. de C.V. ("AC Bebidas"), an equity method investee. We received net cash proceeds of $507 million and recognized a net gain of $296 million during the year ended December 31, 2018, which was included in the line item other income (loss) — net in our consolidated statement of income.

North America Refranchising — Canada

In September 2018, the Company completed its North America refranchising, which began in 2014, with the sale of its Canadian bottling operations. We received initial net cash proceeds of $518 million and recognized a net charge of $385 million during the year ended December 31, 2018. During the year ended December 31, 2019, we recognized a charge of $122 million, primarily related to post-closing adjustments as contemplated by the related agreements. These charges were included in the line item other income (loss) — net in our consolidated statements of income.

North America Refranchising — United States

In 2018, the Company completed the refranchising of all of our bottling territories in the United States to certain of our unconsolidated bottling partners. We recognized a net gain of $17 million during the year ended December 31, 2019 and recognized net charges of $91 million during the year ended December 31, 2018, primarily related to post-closing adjustments as contemplated by the related agreements. Included in these amounts is a net gain of $5 million during the year ended December 31, 2019 and a net charge of $21 million during the year ended December 31, 2018 from transactions with equity method investees or former management. During the years ended December 31, 2019 and 2018, the Company recorded charges of $4 million and $34 million, respectively, primarily related to payments made to certain of our unconsolidated bottling partners in order to convert the bottling agreements for their legacy territories and any previously refranchised territories to a single new form of bottling agreement with additional requirements. The net gain and charges were included in the line item other income (loss) — net in our consolidated statements of income.

Coca-Cola Beverages Africa Proprietary Limited

Due to the Company's original intent to refranchise Coca-Cola Beverages Africa Proprietary Limited ("CCBA"), it was accounted for as held for sale and a discontinued operation from October 2017 through the first quarter of 2019. As CCBA met the criteria to be classified as held for sale, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell. As a result, during the year ended December 31, 2018, we recorded an impairment charge of $554 million, reflecting management's view of the proceeds that were expected to be received upon sale based on revised projections of future operating results and foreign currency exchange rate fluctuations. This charge was previously reflected in the line item income (loss) from discontinued operations in our consolidated statement of income and the corresponding reduction to assets was reflected as an allowance for reduction of assets held for sale — discontinued operations in our consolidated balance sheet. Additionally, CCBA's property, plant and equipment was not depreciated and its definite-lived intangible assets were not amortized.

While the Company had discussions with a number of potential partners throughout the period CCBA was held for sale, during the second quarter of 2019 the Company updated its plans for CCBA and now intends to maintain its controlling stake in CCBA for the foreseeable future. As a result, CCBA no longer qualifies as held for sale or as a discontinued operation, and CCBA's financial results are now presented within the Company's continuing operations for all periods presented. As a result of this change in presentation, the Company reflected the impairment charge in other income (loss) — net in our consolidated statement of income for the year ended December 31, 2018 and reallocated the allowance for reduction of assets held for sale — discontinued operations balance to reduce the carrying value of CCBA's property, plant and equipment by $225 million and CCBA's definite-lived intangible assets by $329 million based on the relative amount of depreciation and amortization that would have been recognized during the period CCBA was held for sale. We also recorded a $160 million adjustment to reduce the carrying value of CCBA's property, plant and equipment and definite-lived intangible assets by an additional $34 million and $126

million, respectively, during the year ended December 31, 2019. These additional adjustments were included in the line item other income (loss) — net in our consolidated statement of income.

NOTE 3: REVENUE RECOGNITION

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and
- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

Our concentrate operations typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with sweeteners (depending on the product), still water or sparkling water, or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrates, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers, or to distributors and wholesalers who in turn sell the beverages to retailers. These operations consist primarily of our consolidated bottling and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. Additionally, we sell directly to consumers through retail outlets operated by Costa, which is included in our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who in turn sell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates, syrups or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Upon transfer of control to the customer, which completes our performance obligation, revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the price we charge bottlers for concentrates they use to prepare and package finished products is impacted by a number of factors, including, but not limited to, the prices charged by the bottlers for such finished products, the channels in which they are sold, and package mix. The amounts associated with the arrangements described above represent variable consideration, an

estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to

estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates. The change in the amount of variable consideration recognized during the year ended December 31, 2020 related to performance obligations satisfied in prior periods was immaterial.

The following table presents net operating revenues disaggregated between the United States and International and further by line of business (in millions):

	United States	International	Total
Year Ended December 31, 2020			
Concentrate operations	**$ 5,443**	**$ 13,139**	**$ 18,582**
Finished product operations	**5,838**	**8,594**	**14,432**
Total	**$ 11,281**	**$ 21,733**	**$ 33,014**
Year Ended December 31, 2019			
Concentrate operations	$ 5,252	$ 15,247	$ 20,499
Finished product operations	6,463	10,304	16,767
Total	$ 11,715	$ 25,551	$ 37,266
Year Ended December 31, 2018			
Concentrate operations	$ 4,571	$ 15,323	$ 19,894
Finished product operations	6,773	7,633	14,406
Total	$ 11,344	$ 22,956	$ 34,300

Refer to Note 19 for additional revenue disclosures by operating segment and Corporate.

NOTE 4: INVESTMENTS

We measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with the change in fair value included in net income. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis.

Our investments in debt securities are carried at either amortized cost or fair value. The cost basis is determined by the specific identification method. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of AOCI, except for the changes in fair values attributable to the currency risk being hedged, if applicable, which are included in net income. Refer to Note 5 for additional information related to the Company's fair value hedges of available-for-sale debt securities.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded

companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe market participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and

developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Equity Securities

The carrying values of our equity securities were included in the following line items in our consolidated balance sheets (in millions):

	Fair Value with Changes Recognized in Income	Measurement Alternative — No Readily Determinable Fair Value
December 31, 2020		
Marketable securities	**$ 330**	**$ —**
Other investments	**762**	**50**
Other assets	**1,282**	**—**
Total equity securities	**$ 2,374**	**$ 50**
December 31, 2019		
Marketable securities	$ 329	$ —
Other investments	772	82
Other assets	1,118	—
Total equity securities	$ 2,219	$ 82

The calculation of net unrealized gains and losses recognized during the year related to equity securities still held at the end of the year is as follows (in millions):

Year Ended December 31,	**2020**	2019
Net gains (losses) recognized during the year related to equity securities	**$ 146**	$ 218
Less: Net gains (losses) recognized during the year related to equity securities sold during the year	**(22)**	27
Net unrealized gains (losses) recognized during the year related to equity securities still held at the end of the year	**$ 168**	$ 191

Debt Securities

Our debt securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2020				
Trading securities	**$ 36**	**$ 2**	**$ —**	**$ 38**
Available-for-sale securities	**2,227**	**51**	**(13)**	**2,265**
Total debt securities	**$ 2,263**	**$ 53**	**$ (13)**	**$ 2,303**
December 31, 2019				
Trading securities	$ 46	$ 1	$ —	$ 47
Available-for-sale securities	3,172	113	(4)	3,281
Total debt securities	$ 3,218	$ 114	$ (4)	$ 3,328

The carrying values of our debt securities were included in the following line items in our consolidated balance sheets (in millions):

	December 31, 2020		December 31, 2019	
	Trading Securities	**Available-for-Sale Securities**	Trading Securities	Available-for-Sale Securities
Cash and cash equivalents	**$ —**	**$ —**	$ —	$ 123
Marketable securities	**38**	**1,980**	47	2,852
Other assets	**—**	**285**	—	306
Total debt securities	**$ 38**	**$ 2,265**	$ 47	$ 3,281

The contractual maturities of these available-for-sale debt securities as of December 31, 2020 were as follows (in millions):

	Cost	Estimated Fair Value
Within 1 year	$ 701	$ 720
After 1 year through 5 years	1,236	1,237
After 5 years through 10 years	90	103
After 10 years	200	205
Total	$ 2,227	$ 2,265

The Company expects that actual maturities may differ from the contractual maturities above because borrowers have the right to call or prepay certain obligations.

The sale and/or maturity of available-for-sale debt securities resulted in the following realized activity (in millions):

Year Ended December 31,	**2020**	2019	2018
Gross gains	**$ 20**	$ 39	$ 22
Gross losses	**(13)**	(8)	(27)
Proceeds	**1,559**	3,956	13,710

Captive Insurance Companies

In accordance with local insurance regulations, our captive insurance companies are required to meet and maintain minimum solvency capital requirements. The Company elected to invest a majority of its solvency capital in a portfolio of marketable equity and debt securities. These securities are included in the disclosures above. The Company uses one of its consolidated captive insurance companies to reinsure group annuity insurance contracts that cover the pension obligations of certain of our European and Canadian pension plans. This captive's solvency capital funds included equity and debt securities of $1,389 million and $1,266 million as of December 31, 2020 and 2019, respectively, which were classified in the line item other assets in our consolidated balance sheets because the assets are not available to satisfy our current obligations.

NOTE 5: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, our Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative and non-derivative financial instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts, commodity futures contracts, option contracts, collars and swaps. Forward contracts and commodity futures contracts

are agreements to buy or sell a quantity of a currency or commodity at a predetermined future date and at a predetermined rate or price. An option contract is an agreement that conveys the purchaser the right, but not the obligation, to buy or sell a quantity of a currency or commodity at a predetermined rate or price during a period or at a time in the future. A collar is a strategy that uses a combination of options to limit the range of possible positive or negative returns on an underlying asset or liability to a specific range, or to protect expected future cash flows. To do this, an investor simultaneously buys a put option and sells (writes) a call option, or alternatively buys a call option and sells (writes) a put option. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. We do not enter into derivative financial

instruments for trading purposes. The Company may also designate certain non-derivative instruments, such as our foreign currency denominated third-party debt, in hedging relationships.

All derivative instruments are carried at fair value in our consolidated balance sheets, primarily in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The carrying values of the derivatives reflect the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. These master netting agreements allow the Company to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the type of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statement of income as the changes in the fair values of the hedged items attributable to the risk being hedged. The changes in the fair values of derivatives that have been designated and qualify as cash flow hedges or hedges of net investments in foreign operations are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the values of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in the fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

For derivatives that will be accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, the Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures.

The Company determines the fair values of its derivatives based on quoted market prices or pricing models using current market rates. Refer to Note 16. The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates, commodity rates or other financial indices. The Company does not view the fair values of its derivatives in isolation but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

We adopted ASU 2017-12 effective January 1, 2019 using the modified retrospective method. For highly effective cash flow hedges, this ASU requires the entire change in fair value of the hedging instrument included in the assessment of hedge effectiveness to be recorded in OCI. No components of the Company's hedging instruments were excluded from the assessment of hedge effectiveness. To reflect the adoption of the new hedging standard on our cash flow hedging relationships at January 1, 2019, we recorded a $6 million increase, net of taxes, to the opening balance of reinvested earnings and a corresponding decrease to AOCI. For fair value hedges of interest rate risk, this ASU allows entities to elect to use the benchmark interest rate component of the contractual coupon cash flows to calculate the change in fair value of the hedged item attributable to changes in the benchmark interest rate. As a result of applying the new hedging standard to our fair value hedges on January 1, 2019, we recorded a $24 million increase to our hedged long-term debt balances, with a corresponding decrease to the opening balance of reinvested earnings of $18 million, net of taxes.

The following table presents the fair values of the Company's derivative instruments that were designated and qualified as part of a hedging relationship (in millions):

Derivatives Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2] December 31, 2020	Fair Value[1,2] December 31, 2019
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 26**	$ 24
Foreign currency contracts	Other assets	**74**	91
Commodity contracts	Prepaid expenses and other assets	**2**	—
Interest rate contracts	Prepaid expenses and other assets	**—**	10
Interest rate contracts	Other assets	**659**	427
Total assets		**$ 761**	$ 552
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 29**	$ 40
Foreign currency contracts	Other liabilities	**—**	48
Interest rate contracts	Accounts payable and accrued expenses	**5**	—
Interest rate contracts	Other liabilities	**—**	21
Total liabilities		**$ 34**	$ 109

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 16 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 16 for additional information related to the estimated fair value.

The following table presents the fair values of the Company's derivative instruments that were not designated as hedging instruments (in millions):

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2] December 31, 2020	Fair Value[1,2] December 31, 2019
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 28**	$ 13
Foreign currency contracts	Other assets	**1**	—
Commodity contracts	Prepaid expenses and other assets	**76**	8
Commodity contracts	Other assets	**9**	2
Other derivative instruments	Prepaid expenses and other assets	**20**	12
Other derivative instruments	Other assets	**3**	1
Total assets		**$ 137**	$ 36
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 41**	$ 39
Commodity contracts	Accounts payable and accrued expenses	**15**	13
Commodity contracts	Other liabilities	**1**	1
Total liabilities		**$ 57**	$ 53

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as

applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 16 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 16 for additional information related to the estimated fair value.

Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral for substantially all of our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. In addition, the Company's master netting agreements reduce credit

risk by permitting the Company to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, commodity prices or interest rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is typically three years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our eventual U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens against the foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of the derivative instruments. The total notional values of derivatives that have been designated and qualify for the Company's foreign currency cash flow hedging program were $7,785 million and $6,957 million as of December 31, 2020 and 2019, respectively.

The Company uses cross-currency swaps to hedge the changes in cash flows of certain of its foreign currency denominated debt and other monetary assets or liabilities due to changes in foreign currency exchange rates. For this hedging program, the Company records the changes in carrying values of these foreign currency denominated assets and liabilities due to changes in exchange rates into earnings each period. The changes in fair values of the cross-currency swap derivatives are recorded in AOCI with an immediate reclassification into earnings for the changes in fair values attributable to fluctuations in foreign currency exchange rates. The total notional values of derivatives that have been designated and qualify for the Company's foreign currency cash flow hedging program were $2,700 million and $3,028 million as of December 31, 2020 and 2019, respectively.

The Company has entered into commodity futures contracts and other derivative instruments on various commodities to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as part of the Company's commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional value of derivatives that have been designated and qualify for this program were $11 million and $2 million as of December 31, 2020 and 2019, respectively.

Our Company monitors our mix of short-term debt and long-term debt regularly. From time to time, we manage our risk to interest rate fluctuations through the use of derivative financial instruments. The Company has entered into interest rate swap agreements and has designated these instruments as part of the Company's interest rate cash flow hedging program. The objective of this hedging program is to mitigate the risk of adverse changes in benchmark interest rates on the Company's future interest payments. The total notional value of these interest rate swap agreements that were designated and qualified for the Company's interest rate cash flow hedging program was $1,233 million as of December 31, 2020. As of December 31, 2019, we did not have any interest rate swaps designated as a cash flow hedge. During the year ended December 31, 2018, we discontinued a cash flow hedge relationship related to these types of swaps. We reclassified a loss of $8 million into earnings as a result of the discontinuance.

The following table presents the pretax impact that changes in the fair values of derivatives designated as cash flow hedges had on OCI, AOCI and earnings (in millions):

	Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income[1]	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)[2]
2020				
Foreign currency contracts	**$ (93)**	Net operating revenues	**$ (73)**	**$ —**
Foreign currency contracts	**4**	Cost of goods sold	**9**	**—**
Foreign currency contracts	**—**	Interest expense	**(16)**	**—**
Foreign currency contracts	**37**	Other income (loss) — net	**60**	**—**
Interest rate contracts	**15**	Interest expense	**(54)**	**—**
Commodity contracts	**2**	Cost of goods sold	**—**	**—**
Total	**$ (35)**		**$ (74)**	**$ —**
2019				
Foreign currency contracts	$ (58)	Net operating revenues	$ (3)	$ —
Foreign currency contracts	1	Cost of goods sold	11	—
Foreign currency contracts	—	Interest expense	(9)	—
Foreign currency contracts	(97)	Other income (loss) — net	(119)	—
Interest rate contracts	(47)	Interest expense	(42)	—
Commodity contracts	1	Cost of goods sold	—	—
Total	$ (200)		$ (162)	$ —
2018				
Foreign currency contracts	$ 9	Net operating revenues	$ 136	$ 1
Foreign currency contracts	15	Cost of goods sold	8	(3)
Foreign currency contracts	—	Interest expense	(9)	—
Foreign currency contracts	23	Other income (loss) — net	(5)	(4)
Interest rate contracts	22	Interest expense	(40)	(8)
Commodity contracts	(1)	Cost of goods sold	—	(5)
Total	$ 68		$ 90	$ (19)

[1] The Company records gains and losses reclassified from AOCI into income for the effective portion and the ineffective portion, if any, to the same line items in our consolidated statement of income.

[2] Effective January 1, 2019, ASU 2017-12 eliminated the requirement to separately measure and report hedge ineffectiveness for cash flow hedges. No components of the Company's hedging instruments were excluded from the assessment of hedge effectiveness.

As of December 31, 2020, the Company estimates that it will reclassify into earnings during the next 12 months net losses of $68 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

Fair Value Hedging Strategy

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that results from fluctuations in benchmark interest rates. The Company also uses cross-currency interest rate swaps to hedge the changes in the fair value of foreign currency denominated debt relating to changes in foreign currency exchange rates and benchmark interest rates. The changes in fair values of derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items are

recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the

hedged item has matured or has been extinguished. The total notional values of derivatives related to our fair value hedges of this type were $10,215 million and $12,523 million as of December 31, 2020 and 2019, respectively.

The Company also uses fair value hedges to minimize exposure to changes in the fair values of certain available-for-sale securities from fluctuations in foreign currency exchange rates. The changes in the fair values of derivatives designated as fair value hedges and the offsetting changes in the fair values of the hedged items due to changes in foreign currency exchange rates are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. As of December 31, 2020 and 2019, we did not have any fair value hedges of this type.

The following table summarizes the pretax impact that changes in the fair values of derivatives designated as fair value hedges had on earnings (in millions):

Hedging Instruments and Hedged Items	Location of Gain (Loss) Rec
2020	
Interest rate contracts	Interest expense
Fixed-rate debt	Interest expense
Net impact to interest expense	
Foreign currency contracts	Other income (loss) —
Available-for-sale securities	Other income (loss) —
Net impact to other income (loss) — net	
Net impact of fair value hedging instruments	
2019	
Interest rate contracts	Interest expense
Fixed-rate debt	Interest expense
Net impact to interest expense	
Net impact of fair value hedging instruments	
2018	
Interest rate contracts	Interest expense
Fixed-rate debt	Interest expense
Net impact to interest expense	
Foreign currency contracts	Other income (loss) —
Available-for-sale securities	Other income (loss) —
Net impact to other income (loss) — net	
Net impact of fair value hedging instruments	

The following table summarizes the amounts recorded in the consolidated balance sheets related to hedged items in fair value hedging relationships (in millions):

	Carrying Values of Hedged Items		Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Values of Hedged Items[1]	
Balance Sheet Location of Hedged Items	**December 31, 2020**	December 31, 2019	**December 31, 2020**	December 31, 2019
Current maturities of long-term debt	**$ —**	$ 1,004	**$ —**	$ 5
Long-term debt	**11,129**	12,087	**646**	448

[1] Cumulative amount of fair value hedging adjustments does not include changes due to foreign currency exchange rate fluctuations.

Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts and a portion of its foreign currency denominated debt, a non-derivative financial instrument, to protect the value of our net investments in a number of foreign operations. For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in fair values of the derivative instruments are recognized in net foreign currency translation adjustments, a component of AOCI, to offset the changes in the values of the net investments being hedged. For non-derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in the carrying values of the designated portions of the non-derivative financial instruments due to changes in foreign currency exchange rates are recorded in net foreign currency translation adjustments. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change.

The following table summarizes the notional values and pretax impact of changes in the fair values of instruments designated as net investment hedges (in millions):

	Notional Amount		Gain (Loss) Recognized in OCI		
	as of December 31,		Year Ended December 31,		
	2020	2019	**2020**	2019	2018
Foreign currency contracts	**$ 451**	$ —	**$ (5)**	$ 51	$ (14)
Foreign currency denominated debt	**13,336**	12,334	**(1,089)**	144	653
Total	**$ 13,787**	$ 12,334	**$ (1,094)**	$ 195	$ 639

The Company did not reclassify any gains or losses related to net investment hedges from AOCI into earnings during the years ended December 31, 2020, 2019 and 2018. In addition, the Company did not have any ineffectiveness related to net investment hedges during the years ended December 31, 2020, 2019 and 2018. The cash inflows and outflows associated with the Company's derivative contracts designated as net investment hedges are classified in the line item other investing activities in our consolidated statement of cash flows.

Economic (Non-Designated) Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges of foreign currency, interest rate and commodity exposure. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in the fair values of economic hedges are immediately recognized in earnings.

The Company uses foreign currency economic hedges to offset the earnings impact that fluctuations in foreign currency exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. The changes in the fair values of economic hedges used to offset those monetary assets and liabilities are immediately recognized in earnings in the line item other income (loss) — net in our consolidated statement of income. In addition, we use foreign currency economic hedges to minimize the variability in cash flows associated with fluctuations in foreign currency exchange rates, including those related to certain acquisition and divestiture activities. The changes in the fair values of economic hedges used to offset the variability in U.S. dollar net cash flows are immediately recognized in earnings in the line items net operating revenues, cost of goods sold or other income (loss) — net in our consolidated statement of income, as applicable. The total notional values of derivatives related to our foreign currency economic hedges were $5,727 million and $4,291 million as of December 31, 2020 and 2019, respectively.

The Company also uses certain derivatives as economic hedges to mitigate the price risk associated with the purchase of materials used in the manufacturing process and vehicle fuel. The changes in the fair values of these economic hedges are immediately recognized in earnings in the line items net operating revenues, cost of goods sold, or selling, general and administrative expenses in our consolidated statement of income, as applicable. The total notional values of derivatives related to our economic hedges of this type were $715 million and $425 million as of December 31, 2020 and 2019, respectively.

The following table presents the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings (in millions):

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income Year Ended December 31, 2020	2019	2018
Foreign currency contracts	Net operating revenues	**$ 58**	$ (4)	$ 22
Foreign currency contracts	Cost of goods sold	**6**	1	9
Foreign currency contracts	Other income (loss) — net	**(13)**	(66)	(264)
Commodity contracts	Cost of goods sold	**54**	(23)	(25)
Interest rate contracts	Interest expense	**6**	—	(1)
Other derivative instruments	Selling, general and administrative expenses	**21**	47	(18)
Other derivative instruments	Other income (loss) — net	**(55)**	48	(22)
Total		**$ 77**	$ 3	$ (299)

NOTE 6: EQUITY METHOD INVESTMENTS

Our consolidated net income includes our Company's proportionate share of the net income or loss of our equity method investees. When we record our proportionate share of net income, it increases equity income (loss) — net in our consolidated statement of income and our carrying value of that investment. Conversely, when we record our proportionate share of a net loss, it decreases equity income (loss) — net in our consolidated statement of income and our carrying value of that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investees. These items can have a significant impact on the amount of equity income (loss) — net in our consolidated statement of income and our carrying value of those investments. Refer to Note 17 for additional information related to significant operating and nonoperating items recorded by our equity method investees. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the equity method investees' AOCI.

We eliminate from our financial results all significant intercompany transactions to the extent of our ownership interest, including the intercompany portion of transactions with equity method investees.

The Company's equity method investments include, but are not limited to, our ownership interests in Coca-Cola European Partners plc ("CCEP"), Monster, AC Bebidas, Coca-Cola FEMSA, Coca-Cola HBC AG ("Coca-Cola Hellenic") and Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI"). As of December 31, 2020, we owned approximately 19 percent, 19 percent, 20 percent, 28 percent, 23 percent and 19 percent, respectively, of these companies' outstanding shares. As of December 31, 2020, our investments in our equity method investees in the aggregate exceeded our proportionate share of the net assets of these equity method investees by $8,762 million. This difference is not amortized.

A summary of financial information for our equity method investees in the aggregate is as follows (in millions):

Year Ended December 31,[1]	2020	2019	2018
Net operating revenues	**$ 69,384**	$ 75,980	$ 75,482
Cost of goods sold	**41,139**	44,881	44,933
Gross profit	**$ 28,245**	$ 31,099	$ 30,549
Operating income	**$ 7,056**	$ 7,748	$ 7,511
Consolidated net income	**$ 4,176**	$ 4,597	$ 4,646
Less: Net income attributable to noncontrolling interests	**54**	63	101
Net income attributable to common shareowners	**$ 4,122**	$ 4,534	$ 4,545
Company equity income (loss) — net	**$ 978**	$ 1,049	$ 1,008

[1] The financial information represents the results of the equity method investees during the Company's period of ownership.

December 31,		2020		2019
Current assets	**$**	**29,431**	$	25,654
Noncurrent assets		**67,900**		68,269
Total assets	**$**	**97,331**	$	93,923
Current liabilities	**$**	**20,033**	$	20,271
Noncurrent liabilities		**33,613**		31,321
Total liabilities	**$**	**53,646**	$	51,592
Equity attributable to shareowners of investees	**$**	**42,622**	$	41,203
Equity attributable to noncontrolling interests		**1,063**		1,128
Total equity	**$**	**43,685**	$	42,331
Company equity method investments	**$**	**19,273**	$	19,025

Net sales to equity method investees, the majority of which are located outside the United States, were $13,041 million, $14,832 million and $14,799 million in 2020, 2019 and 2018, respectively. Total payments, primarily related to marketing, made to equity method investees were $547 million, $897 million and $1,131 million in 2020, 2019 and 2018, respectively. The decrease in net sales to, and payments made to, equity method investees in 2020 was primarily due to the impact of the COVID-19 pandemic. The decrease in payments made to equity method investees in 2019 was primarily due to changes in bottler funding arrangements. In addition, purchases of beverage products from equity method investees were $452 million, $426 million and $536 million in 2020, 2019 and 2018, respectively. The decrease in purchases of beverage products in 2019 was primarily due to reduced purchases of Monster products as a result of the North America refranchising activities. Refer to Note 2.

The following table presents the difference between calculated fair value, based on quoted closing prices of publicly traded shares, and our Company's carrying value in investments in publicly traded companies accounted for under the equity method (in millions):

December 31, 2020		Fair Value		Carrying Value		**Difference**
Monster Beverage Corporation	$	9,444	$	4,020	**$**	**5,424**
Coca-Cola European Partners plc		4,383		3,959		**424**
Coca-Cola FEMSA, S.A.B. de C.V.		2,657		1,632		**1,025**
Coca-Cola HBC AG		2,657		1,282		**1,375**
Coca-Cola Amatil Limited		2,222		707		**1,515**
Coca-Cola Consolidated, Inc.		661		169		**492**
Coca-Cola Bottlers Japan Holdings Inc.		522		522		**—**
Coca-Cola İçecek A.Ş.		440		197		**243**
Embotelladora Andina S.A.		143		116		**27**
Total	$	23,129	$	12,604	**$**	**10,525**

Net Receivables and Dividends from Equity Method Investees

Total net receivables due from equity method investees were $1,025 million and $1,707 million as of December 31, 2020 and 2019, respectively. The total amount of dividends received from equity method investees was $467 million, $628 million and $551 million for the years ended December 31, 2020, 2019 and 2018, respectively. The amount of consolidated reinvested earnings that represents undistributed earnings of investments accounted for under the equity method as of December 31, 2020 was $5,498 million.

NOTE 7: INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table presents the carrying values of indefinite-lived intangible assets included in our consolidated balance sheets (in millions):

December 31,		**2020**		2019
Trademarks[1]	**$**	**10,395**	$	9,266
Goodwill		**17,506**		16,764
Other		**225**		219
Indefinite-lived intangible assets	**$**	**28,126**	$	26,249

[1] For information related to the Company's acquisitions, refer to Note 2.

The following table provides information related to the carrying value of our goodwill by operating segment (in millions):

		Europe, Middle East & Africa		Latin America		North America		Asia Pacific		Global Ventures		Bottling Investments		Total
2019														
Balance at beginning of year	$	1,051	$	168	$	7,943	$	152	$	414	$	4,381	$	14,109
Effect of foreign currency translation		(8)		2		—		1		1		79		75
Acquisitions[1]		141		—		—		—		2,505		173		2,819
Purchase accounting adjustments[1,2]		110		—		—		17		(114)		(252)		(239)
Balance at end of year	$	1,294	$	170	$	7,943	$	170	$	2,806	$	4,381	$	16,764
2020														
Balance at beginning of year	**$**	**1,294**	**$**	**170**	**$**	**7,943**	**$**	**170**	**$**	**2,806**	**$**	**4,381**	**$**	**16,764**
Effect of foreign currency translation		**40**		**(6)**		**—**		**7**		**84**		**(216)**		**(91)**
Acquisitions[1]		**—**		**—**		**775**		**—**		**—**		**—**		**775**
Purchase accounting adjustments[1,3]		**(26)**		**—**		**74**		**24**		**2**		**(2)**		**72**
Impairments		**—**		**—**		**—**		**—**		**—**		**(14)**		**(14)**
Balance at end of year	**$**	**1,308**	**$**	**164**	**$**	**8,792**	**$**	**201**	**$**	**2,892**	**$**	**4,149**	**$**	**17,506**

[1] For information related to the Company's acquisitions, refer to Note 2.

[2] Includes the allocation of goodwill from the Global Ventures segment to other reporting units expected to benefit from the Costa acquisition as well as the finalization of purchase accounting related to CCBA and the Philippine bottling operations. Refer to Note 2.

[3] Includes the allocation of goodwill from the Europe, Middle East and Africa segment to other reporting units expected to benefit from the CHI acquisition as well as purchase accounting adjustments related to fairlife. Refer to Note 2.

Definite-Lived Intangible Assets

The following table provides information related to definite-lived intangible assets (in millions):

	December 31, 2020			December 31, 2019		
	Gross Carrying Value	**Accumulated Amortization**	**Net Carrying Value**	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	**$ 195**	**$ (61)**	**$ 134**	$ 344	$ (177)	$ 167
Trademarks	**245**	**(77)**	**168**	177	(99)	78
Other	**332**	**(210)**	**122**	396	(124)	272
Total	**$ 772**	**$ (348)**	**$ 424**	$ 917	$ (400)	$ 517

Total amortization expense for intangible assets subject to amortization was $203 million, $120 million and $49 million in 2020, 2019 and 2018, respectively. The increase in amortization expense in 2020 was due to the recognition of a full year of intangible amortization related to CCBA versus seven months in 2019.

Based on the carrying value of definite-lived intangible assets as of December 31, 2020, we estimate our amortization expense for the next five years will be as follows (in millions):

	Amortization Expense
2021	$ 163
2022	74
2023	43
2024	31
2025	25

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in millions):

December 31,	**2020**	2019
Accounts payable	**$ 3,517**	$ 3,804
Accrued marketing expenses	**1,930**	2,059
Variable consideration payable	**1,137**	979
Other accrued expenses	**3,352**	2,856
Accrued compensation	**609**	1,021
Accrued sales, payroll and other taxes	**443**	442
Container deposits	**157**	151
Accounts payable and accrued expenses	**$ 11,145**	$ 11,312

NOTE 9: LEASES

We have operating leases primarily for real estate, aircraft, vehicles, and manufacturing and other equipment.

Balance sheet information related to operating leases is as follows (in millions):

December 31,	**2020**	2019
Operating lease ROU assets[1]	**$ 1,548**	$ 1,372
Current portion of operating lease liabilities[2]	**$ 322**	$ 281
Noncurrent portion of operating lease liabilities[3]	**1,300**	1,111
Total operating lease liabilities	**$ 1,622**	$ 1,392

[1] Operating lease ROU assets are recorded in the line item other assets in our consolidated balance sheet.

[2] The current portion of operating lease liabilities is recorded in the line item accounts payable and accrued expenses in our consolidated
balance sheet.

[3] The noncurrent portion of operating lease liabilities is recorded in the line item other liabilities in our consolidated balance sheet.

We had operating lease costs of $353 million and $327 million for the years ended December 31, 2020 and 2019, respectively. During 2020 and 2019, cash paid for amounts included in the measurement of operating lease liabilities was $365 million and $339 million, respectively. Operating lease ROU assets obtained in exchange for operating lease obligations were $528 million and $308 million for the years ended December 31, 2020 and 2019, respectively.

Information associated with the measurement of our remaining operating lease obligations as of December 31, 2020 is as follows:

Weighted-average remaining lease term	9 years
Weighted-average discount rate	3 %

Our leases have remaining lease terms of 1 year to 44 years, inclusive of renewal or termination options that we are reasonably certain to exercise.

The following table summarizes the maturities of our operating lease liabilities as of December 31, 2020 (in millions):

2021	$	340
2022		299
2023		252
2024		207
2025		170
Thereafter		565
Total operating lease payments		1,833
Less: Imputed interest		211
Total operating lease liabilities	$	1,622

NOTE 10: DEBT AND BORROWING ARRANGEMENTS

Short-Term Borrowings

Loans and notes payable consist primarily of commercial paper issued in the United States. As of December 31, 2020 and 2019, we had $1,329 million and $10,007 million, respectively, in outstanding commercial paper borrowings. Our weighted-average interest rates for commercial paper outstanding were approximately 1.3 percent and 2.0 percent per year as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the Company also had $854 million and $987 million, respectively, in lines of credit, short-term credit facilities and other short-term borrowings that were primarily related to our international operations.

In addition, we had $10,467 million in unused lines of credit and other short-term credit facilities as of December 31, 2020, of which $7,490 million was in backup lines of credit for general corporate purposes. These backup lines of credit expire at various times from 2021 through 2025. There were no borrowings under these corporate backup lines of credit during 2020. These credit facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which is presently significant to our Company.

Long-Term Debt

During 2020, the Company issued U.S. dollar- and euro-denominated debt of $15,600 million and €2,600 million, respectively. The carrying value of this debt as of December 31, 2020 was $17,616 million. The general terms of the notes issued are as follows:

- $1,000 million total principal amount of notes due March 25, 2025, at a fixed interest rate of 2.950 percent;
- $1,000 million total principal amount of notes due March 25, 2027, at a fixed interest rate of 3.375 percent;
- $1,500 million total principal amount of notes due June 1, 2027, at a fixed interest rate of 1.450 percent;
- $1,300 million total principal amount of notes due March 15, 2028, at a fixed interest rate of 1.000 percent;
- €1,000 million total principal amount of notes due March 15, 2029, at a fixed interest rate of 0.125 percent;
- $1,250 million total principal amount of notes due March 25, 2030, at a fixed interest rate of 3.450 percent;
- $1,500 million total principal amount of notes due June 1, 2030, at a fixed interest rate of 1.650 percent;
- $1,300 million total principal amount of notes due March 15, 2031, at a fixed interest rate of 1.375 percent;
- €750 million total principal amount of notes due March 15, 2033, at a fixed interest rate of 0.375 percent;
- €850 million total principal amount of notes due March 15, 2040, at a fixed interest rate of 0.800 percent;
- $500 million total principal amount of notes due March 25, 2040, at a fixed interest rate of 4.125 percent;

- $1,000 million total principal amount of notes due June 1, 2040, at a fixed interest rate of 2.500 percent;
- $1,250 million total principal amount of notes due March 25, 2050, at a fixed interest rate of 4.200 percent;
- $1,500 million total principal amount of notes due June 1, 2050, at a fixed interest rate of 2.600 percent;

- $1,500 million total principal amount of notes due March 15, 2051, at a fixed interest rate of 2.500 percent; and
- $1,000 million total principal amount of notes due June 1, 2060, at a fixed interest rate of 2.750 percent.

During 2020, the Company retired upon maturity Australian dollar- and U.S. dollar-denominated notes. The general terms of the notes retired are as follows:

- AUD450 million total principal amount of notes due June 9, 2020, at a fixed interest rate of 2.600 percent;
- $171 million total principal amount of zero coupon notes due June 20, 2020;
- $1,500 million total principal amount of notes due October 27, 2020, at a fixed interest rate of 1.875 percent;
- $1,250 million total principal amount of notes due November 1, 2020, at a fixed interest rate of 2.450 percent; and
- $1,000 million total principal amount of notes due November 15, 2020, at a fixed interest rate of 3.150 percent.

During 2020, the Company also extinguished prior to maturity U.S. dollar- and euro-denominated debt of $3,815 million and €2,679 million, respectively, resulting in associated charges of $459 million recorded in the line item interest expense in our consolidated statement of income. These charges included the difference between the reacquisition price and the net carrying amount of the debt extinguished, including the impact of the related fair value hedging relationships. We also incurred charges of $25 million as a result of the reclassification of related cash flow hedging balances from AOCI into income. The general terms of the notes that were extinguished are as follows:

- €379 million total principal amount of notes due March 8, 2021, at a variable interest rate equal to the three-month Euro Interbank Offered Rate ("EURIBOR") plus 0.200 percent;
- €500 million total principal amount of notes due March 9, 2021, at a fixed interest rate of 0.000 percent;
- $1,324 million total principal amount of notes due September 1, 2021, at a fixed interest rate of 3.300 percent;
- $1,000 million total principal amount of notes due September 1, 2021, at a fixed interest rate of 1.550 percent;
- $500 million total principal amount of notes due May 25, 2022, at a fixed interest rate of 2.200 percent;
- €1,000 million total principal amount of notes due September 22, 2022, at a fixed interest rate of 0.125 percent;
- €800 million total principal amount of notes due September 22, 2022, at a fixed interest rate of 1.125 percent;
- $282 million total principal amount of notes due March 25, 2040, at a fixed interest rate of 4.125 percent; and
- $709 million total principal amount of notes due March 25, 2050, at a fixed interest rate of 4.200 percent.

During 2019, the Company issued euro- and U.S. dollar-denominated debt of €3,500 million and $2,000 million, respectively. The carrying value of this debt as of December 31, 2019 was $5,891 million. The general terms of the notes issued are as follows:

- €750 million total principal amount of notes due March 8, 2021, at a variable interest rate equal to the three-month EURIBOR plus 0.200 percent;
- €1,000 million total principal amount of notes due September 22, 2022, at a fixed interest rate of 0.125 percent;
- €1,000 million total principal amount of notes due September 22, 2026, at a fixed interest rate of 0.750 percent;
- €750 million total principal amount of notes due March 8, 2031, at a fixed interest rate of 1.250 percent;
- $1,000 million total principal amount of notes due September 6, 2024, at a fixed interest rate of 1.750 percent; and
- $1,000 million total principal amount of notes due September 6, 2029, at a fixed interest rate of 2.125 percent.

During 2019, the Company retired upon maturity euro- and U.S. dollar-denominated notes. The general terms of the notes retired are as follows:

- €1,500 million total principal amount of notes due March 8, 2019, at a variable interest rate equal to the three-month EURIBOR plus 0.250 percent;

- €2,000 million total principal amount of notes due September 9, 2019, at a variable interest rate equal to the three-month EURIBOR plus 0.230 percent; and
- $1,000 million total principal amount of notes due May 30, 2019, at a fixed interest rate of 1.375 percent.

During 2018, the Company retired upon maturity U.S. dollar-denominated notes and debentures. The general terms of the notes and debentures retired are as follows:

- $26 million total principal amount of debentures due January 29, 2018, at a fixed interest rate of 9.660 percent;
- $750 million total principal amount of notes due March 14, 2018, at a fixed interest rate of 1.650 percent;
- $1,250 million total principal amount of notes due April 1, 2018, at a fixed interest rate of 1.150 percent; and
- $1,250 million total principal amount of notes due November 1, 2018, at a fixed interest rate of 1.650 percent.

The Company also extinguished a portion of the long-term debt that was assumed in connection with our acquisition of Coca-Cola Enterprises Inc.'s former North America business ("Old CCE"). The extinguished debentures had a total principal amount of $94 million that was due to mature on May 15, 2098, at a fixed interest rate of 7.000 percent. Related to this extinguishment, the Company recorded a net gain of $27 million in the line item interest expense in our consolidated statement of income during the year ended December 31, 2018.

The Company's long-term debt consisted of the following (in millions except average rate data):

	December 31, 2020		December 31, 2019	
	Amount	**Average Rate [1]**	Amount	Average Rate[1]
U.S. dollar notes due 2023–2093	**$ 22,550**	**2.0 %**	$ 14,621	2.4 %
U.S. dollar debentures due 2022–2098	**1,342**	**5.1**	1,366	4.9
U.S. dollar zero coupon notes due 2020[2]	**—**	**—**	168	8.4
Australian dollar notes due 2020–2024	**400**	**2.5**	677	2.4
Euro notes due 2021–2040	**13,821**	**0.3**	12,807	0.5
Swiss franc notes due 2022–2028	**1,236**	**2.7**	1,129	3.7
Other, due through 2098[3]	**615**	**5.2**	548	6.2
Fair value adjustments[4]	**646**	**N/A**	453	N/A
Total[5,6]	**40,610**	**1.6 %**	31,769	1.9 %
Less: Current portion	**485**		4,253	
Long-term debt	**$ 40,125**		$ 27,516	

[1] Rates represent the weighted-average effective interest rate on the balances outstanding as of year end, as adjusted for the effects of interest rate swap agreements, cross-currency swap agreements and fair value adjustments, if applicable. Refer to Note 5 for a more detailed discussion on interest rate management.

[2] As of December 31, 2019, the amount shown is net of an unamortized discount of $3 million.

[3] As of December 31, 2020, the amount shown includes $473 million of debt instruments and finance leases that are due through 2031.

[4] Amounts represent the changes in fair values due to changes in benchmark interest rates. Refer to Note 5 for additional information about our fair value hedging strategy.

[5] As of December 31, 2020 and 2019, the fair value of our long-term debt, including the current portion, was $43,218 million and $32,725 million, respectively.

[6] The above notes and debentures include various restrictions, none of which is presently significant to our Company.

Total interest paid was $935 million, $921 million and $903 million in 2020, 2019 and 2018, respectively.

Maturities of long-term debt for the five years succeeding December 31, 2020 are as follows (in millions):

	Maturities of Long-Term Debt
2021	$ 485
2022	1,391
2023	4,272
2024	2,061
2025	2,753

NOTE 11: COMMITMENTS AND CONTINGENCIES

Guarantees

As of December 31, 2020, we were contingently liable for guarantees of indebtedness owed by third parties of $431 million, of which $109 million was related to VIEs. Refer to Note 1 for additional information related to the Company's maximum exposure to loss due to our involvement with VIEs. Our guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees. However, management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable.

We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Legal Contingencies

The Company is involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings (excluding tax audit claims) will not have a material adverse effect on the Company taken as a whole.

Indemnifications

At the time we acquire or divest an ownership interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. 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 Company taken as a whole.

Tax Audits

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities, such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Refer to Note 14.

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the Internal Revenue Service ("IRS") seeking approximately $3.3 billion of additional federal income tax for years 2007 through 2009. In the Notice, the IRS stated its intent to reallocate over $9 billion of income to the U.S. parent company from certain of its foreign affiliates that the U.S. parent company licensed to manufacture, distribute, sell, market and promote its products in certain non-U.S. markets.

The Notice concerned the Company's transfer pricing between its U.S. parent company and certain of its foreign affiliates. IRS rules governing transfer pricing require arm's-length pricing of transactions between related parties such as the Company's U.S. parent and its foreign affiliates.

To resolve the same transfer pricing issue for the tax years 1987 through 1995, the Company and the IRS had agreed in 1996 on an arm's-length methodology for determining the amount of U.S. taxable income that the U.S. parent company would report as compensation from its foreign licensees. The Company and the IRS memorialized this accord in a closing agreement resolving that dispute ("Closing Agreement"). The Closing Agreement provided that, absent a change in material facts or circumstances or relevant federal tax law, in calculating the Company's income taxes going forward, the Company would not be assessed

penalties by the IRS for using the agreed-upon tax calculation methodology that the Company and the IRS agreed would be used for the 1987-1995 tax years.

The IRS audited and confirmed the Company's compliance with the agreed-upon Closing Agreement methodology in five successive audit cycles for tax years 1996 through 2006.

The September 17, 2015 Notice from the IRS retroactively rejected the previously agreed-upon methodology for the 2007 through 2009 tax years, in favor of an entirely different methodology, without prior notice to the Company. Using the new tax calculation methodology, the IRS reallocated over $9 billion of income to the U.S. parent company from its foreign licensees for tax years 2007 through 2009. Consistent with the Closing Agreement, the IRS did not assert penalties, and it has yet to do so.

The IRS designated the Company's matter for litigation on October 15, 2015. Litigation designation is an IRS determination that forecloses to a company any and all alternative means for resolution of a tax dispute. As a result of the IRS' designation of the Company's matter for litigation, the Company was forced either to accept the IRS' newly imposed tax assessment and pay the full amount of the asserted tax or litigate the matter in the federal courts. The matter remains subject to the IRS' litigation designation, preventing the Company from any attempt to settle or otherwise mutually resolve the matter with the IRS.

The Company consequently initiated litigation by filing a petition in the U.S. Tax Court ("Tax Court") in December 2015, challenging the tax adjustments enumerated in the Notice.

Prior to trial, the IRS increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million. The Company obtained a summary judgment in its favor on a different matter related to Mexican foreign tax credits, which thereafter effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The trial was held in the Tax Court from March through May 2018, and final post-trial briefs were filed and exchanged in April 2019.

On November 18, 2020, the Tax Court issued an opinion ("Opinion") in which it predominantly sided with the IRS but agreed with the Company that dividends previously paid by the foreign licensees to the U.S. parent company in reliance upon the Closing Agreement should continue to be allowed to offset royalties, including those that would become payable to the Company in accordance with the Opinion. The Tax Court reserved ruling on the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil until after the Tax Court issues its opinion in the separate case of 3M Co. & Subs. v. Commissioner, T.C. Docket No. 5816-13 (filed March 11, 2013). Once the Tax Court issues its opinion in 3M Co. & Subs. v. Commissioner, the Company expects the Tax Court thereafter to render another opinion, and ultimately a final decision, in the Company's case.

The Company believes that the IRS and the Tax Court misinterpreted and misapplied the applicable regulations in reallocating income earned by the Company's foreign licensees to increase the Company's U.S. tax. Moreover, the Company believes that the retroactive imposition of such tax liability using a calculation methodology different from that previously agreed upon by the IRS and the Company, and audited by the IRS for over a decade, is unconstitutional. The Company intends to assert its claims on appeal and vigorously defend its position.

In determining the amount of tax reserve to be recorded as of December 31, 2020, the Company completed the required two-step evaluation process prescribed by ASC 740, *Accounting for Income Taxes*. In doing so, we consulted with outside advisors and we reviewed and considered relevant laws, rules, and regulations, including, though not limited to, the Opinion and relevant caselaw. We also considered our intention to vigorously defend our positions and assert our various well-founded legal claims via every available avenue of appeal. We concluded, based on the technical and legal merits of the Company's tax positions, that it is more likely than not the Company's tax positions will ultimately be sustained on appeal. In addition, we considered a number of alternative transfer pricing methodologies, including the methodology asserted by the IRS and affirmed in the Opinion ("Tax Court Methodology"), that could be applied by the courts upon final resolution of the litigation. Based on the required probability analysis, we determined the methodologies we believe the federal courts could ultimately order to be used in calculating the Company's tax. As a result of this analysis, we recorded a tax reserve of $438 million during the year ended December 31, 2020, related to the application of the resulting methodologies as well as the different tax treatment applicable to dividends originally paid to the U.S. parent company by its foreign licensees, in reliance upon the Closing Agreement, that would be recharacterized as royalties in accordance with the Opinion and the Company's analysis.

While the Company strongly disagrees with the IRS' positions and the portions of the Opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In that event, the Company would likely be subject to significant additional liabilities for the years at issue, and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations, and cash flows.

The Company calculated the potential impact of applying the Tax Court Methodology to reallocate income from foreign licensees potentially covered within the scope of the Opinion, assuming such methodology was ultimately upheld by the courts, and the IRS were to decide to apply that methodology to subsequent years, with consent of the federal courts. This impact would include taxes and interest accrued through December 31, 2020 for the 2007 through 2009 litigated tax years and for subsequent tax years from 2010 to 2020. The calculations incorporated the estimated impact of correlative adjustments to the previously accrued transition tax payable under the Tax Reform Act. The Company currently estimates that the potential aggregate incremental tax and interest liability could be approximately $12 billion. Additional interest would continue to accrue until the time any such potential liability, or portion thereof, is paid. The Company currently projects that the impact of the continued application of the Tax Court Methodology in future years, assuming similar facts and circumstances as of December 31, 2020, would result in an incremental annual tax liability that would increase the Company's effective tax rate by approximately 3.5 percent.

The Company does not know when the Tax Court will issue its opinion regarding the effect of Brazilian legal restrictions on the payment of royalties by the Company's licensee in Brazil for the 2007 through 2009 tax years. After the Tax Court issues its opinion on the Company's Brazilian licensee, the Company and the IRS will be provided time to agree on the tax impact, if any, of both opinions, after which the Tax Court would render a final decision in the case. The Company will have 90 days thereafter to file a notice of appeal to the United States Court of Appeals for the Eleventh Circuit and pay the tax liability and interest related to the 2007 through 2009 tax period. The Company currently estimates that the payment to be made at that time related to the 2007 through 2009 tax period, which is included in the above estimate of the potential aggregate incremental tax and interest liability, would be approximately $4.6 billion (including interest accrued through December 31, 2020), plus any additional interest accrued through the time of payment. Some or all of this amount would be refunded if the Company were to prevail on appeal.

Risk Management Programs

The Company has numerous global insurance programs in place to help protect the Company from the risk of loss. In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claims history. Our self-insurance reserves totaled $265 million and $301 million as of December 31, 2020 and 2019, respectively.

NOTE 12: STOCK-BASED COMPENSATION PLANS

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. The Coca-Cola Company 2014 Equity Plan ("2014 Equity Plan") was approved by shareowners in April 2014. Under the 2014 Equity Plan, a maximum of 500 million shares of our common stock was approved to be issued through the grant of equity awards to certain employees. The 2014 Equity Plan allows for grants of stock options, performance share units, restricted stock units, restricted stock and other specified award types, including cash awards with performance-based vesting criteria. As of December 31, 2020, there were 345.3 million shares available to be granted under the 2014 Equity Plan. In addition, there were 2.9 million shares from plans approved by shareowners prior to 2014 available for grants of stock option and restricted stock awards.

From 2015 to 2017, certain employees who had previously been eligible for long-term equity awards received long-term performance cash awards. Employees who received these performance cash awards did not receive equity awards as part of the long-term incentive program. In 2017, the Company changed the long-term incentive program for certain employees previously eligible for the performance cash award. These employees no longer participate in the long-term incentive program and were granted a final restricted stock unit award that vests ratably over five years.

Total stock-based compensation expense was $141 million, $201 million and $225 million in 2020, 2019 and 2018, respectively. In 2020, for certain employees who accepted voluntary separation from the Company as a result of our strategic realignment initiatives, the Company modified their outstanding equity awards granted prior to 2020 so that the employees retained all or some of their awards, whereas otherwise the awards would have been forfeited. The incremental stock-based compensation expense arising from the modifications was $15 million, which was recorded in the line item other operating charges in our consolidated statement of income. Refer to Note 18 for additional

information on the Company's strategic realignment initiatives. The remainder of stock-based compensation expense in 2020 of $126 million as well as all stock-based compensation expense in 2019 and 2018 were included as a component of selling, general and administrative expenses in our consolidated statements of income. The total income tax benefit recognized in our consolidated statements of income related to total stock-based compensation expense was $32 million, $43 million and $47 million in 2020, 2019 and 2018, respectively.

As of December 31, 2020, we had $180 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans, which we expect to recognize over a weighted-average period of 1.9 years as

stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards.

Stock Option Awards

Stock options are generally granted with an exercise price equal to the average of the high and low market prices per share for the Company's stock on the date of grant. The fair value of each stock option award is estimated using a Black-Scholes-Merton option-pricing model and is amortized over the vesting period, which is generally four years.

The weighted-average fair value of stock options granted during the years ended December 31, 2020, 2019 and 2018 and the weighted-average assumptions used in the Black-Scholes-Merton option-pricing model for such grants were as follows:

Year Ended December 31,	**2020**	2019	2018
Fair value of stock options on grant date	**$ 6.44**	$ 4.94	$ 4.97
Dividend yield[1]	**2.7 %**	3.5 %	3.5 %
Expected volatility[2]	**16.0 %**	15.5 %	15.5 %
Risk-free interest rate[3]	**1.4 %**	2.6 %	2.8 %
Expected term of stock options[4]	**6 years**	6 years	6 years

[1] The dividend yield is the calculated yield on the Company's stock on the grant date.

[2] The expected volatility is based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors.

[3] The risk-free interest rate for the period matching the expected term of the stock options is based on the U.S. Treasury yield curve in effect on the grant date.

[4] The expected term of the stock options represents the period of time that options granted are expected to be outstanding and is derived by analyzing historical exercise behavior.

Generally, stock options granted from 1999 through July 2003 expired 15 years from the date of grant, and stock options granted in December 2003 and thereafter expire 10 years from the date of grant. The shares of common stock to be issued and/or sold upon exercise of stock options are made available from either authorized and unissued common stock or from treasury shares. In 2007, the Company began issuing common stock under its stock-based compensation plans from treasury shares.

Stock option activity during the year ended December 31, 2020 was as follows:

	Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (In millions)
Outstanding on January 1, 2020	105	$ 38.43		
Granted	7	59.38		
Exercised	(23)	35.67		
Forfeited/expired	(1)	53.82		
Outstanding on December 31, 2020	88	$ 40.55	4.16 years	$ 1,289
Expected to vest	87	$ 40.44	4.11 years	$ 1,283
Exercisable on December 31, 2020	72	$ 38.43	3.29 years	$ 1,188

The total intrinsic value of the stock options exercised was $453 million, $609 million and $721 million in 2020, 2019 and 2018, respectively. The total number of stock options exercised was 23 million, 34 million and 47 million in 2020, 2019 and 2018, respectively.

Performance-Based Share Unit Awards

Performance-based share unit awards require achievement of certain performance criteria, which are predefined by the Compensation Committee of the Board of Directors at the time of grant. For performance share units granted

from 2015 through 2017, the performance criteria used were economic profit and net operating revenues over a predefined performance period of three years. Economic profit is our net operating profit after tax less the cost of the capital used in our business. Economic profit and net operating revenues are adjusted for certain items, which are approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. These grants include a relative TSR modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative

to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of these performance share units was determined using a Monte Carlo valuation model. The performance share units granted from 2015 through 2017 are subject to a one-year holding period after the performance period before the shares are vested and released.

In 2018, the Company renamed our performance share unit awards to growth share unit awards. For growth share units granted in 2018, 2019 and 2020, the performance criteria were equally weighted among net operating revenues, earnings per share and free cash flow over a predefined performance period of three years. Earnings per share for these purposes is diluted net income per share and free cash flow is net cash provided by operating activities less purchases of property, plant and equipment. Net operating revenues, earnings per share and free cash flow are adjusted for certain items, which are approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. Growth share units granted to executives include a relative TSR modifier to determine the number of shares earned at the end of the performance period. The fair value of growth share unit grants that include a TSR modifier is determined using a Monte Carlo valuation model. The fair value of growth share units that do not include a TSR modifier is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the performance period. Growth share units granted in 2018, 2019 and 2020 will be vested and released at the end of the performance period if the predefined performance criteria are achieved.

For all performance-based share unit awards, in the event the certified results equal the predefined performance criteria, the Company will grant the number of shares equal to the target award. In the event the certified results exceed the predefined performance criteria, additional shares up to the maximum award will be granted. In the event the certified results fall below the predefined performance criteria but above the minimum threshold, a reduced number of shares will be granted. If the certified results fall below the minimum threshold, no shares will be granted. Performance-based share unit awards do not entitle participants to vote or receive dividends until the shares are vested and released.

In the period it becomes probable that the minimum threshold specified in the award will be achieved, we recognize expense for the proportionate share of the total fair value of the performance-based share units related to the vesting period that has already lapsed for the shares expected to vest and be released. The remaining fair value of the shares expected to vest and be released is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum threshold specified in the award, we reverse all previously recognized compensation expense in the period such a determination is made.

Performance share units and growth share units are generally settled in stock, except for certain circumstances such as death or disability, in which case former employees or their beneficiaries are provided a cash equivalent payment. As of December 31, 2020, growth share units of approximately 1,872,000, 1,983,000 and 1,788,000 were outstanding for the 2018-2020, 2019-2021 and 2020-2022 performance periods, respectively, based on the target award amounts.

The following table summarizes information about performance share units and growth share units based on the target award amounts:

	Performance Share Units and Growth Share Units (In thousands)		Weighted-Average Grant Date Fair Value
Outstanding on January 1, 2020	6,831	$	38.57
Granted	1,983		57.00
Conversions into restricted stock units[1]	(2,662)		35.30
Paid in cash equivalent	(5)		38.20
Canceled/forfeited	(504)		46.36
Outstanding on December 31, 2020[2]	5,643	$	45.89

[1] Represents the target amount of performance share units converted into restricted stock units for the 2017-2019 performance period. The vesting of restricted stock units is subject to the terms of the performance share unit agreements.

[2] The outstanding growth share units as of December 31, 2020 at the threshold award and maximum award levels were approximately 2,384,000 and 12,950,000, respectively.

The weighted-average grant date fair value of growth share units granted in 2020, 2019 and 2018 was $57.00, $40.29 and $41.02, respectively. The Company converted performance share units and growth share units of approximately 5,000 in 2020 and approximately 1,000 in 2019 into cash equivalent payments of $0.2 million and $0.1 million, respectively, to former employees or their beneficiaries due to certain circumstances such as death or disability. The Company did not convert any performance share units or growth share units into cash equivalent payments in 2018.

The following table summarizes information about performance-based restricted stock units based on the performance share units' certified award level:

	Restricted Stock Units (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2020	3,195	$ 39.70
Conversions from performance share units	3,785	35.30
Vested and released	(3,189)	39.72
Canceled/forfeited	(63)	35.71
Nonvested on December 31, 2020	3,728	$ 35.30

The total intrinsic value of restricted shares that were vested and released was $191 million, $118 million and $305 million in 2020, 2019 and 2018, respectively.

Time-Based Restricted Stock and Restricted Stock Unit Awards

Prior to the release date, time-based restricted stock and restricted stock units granted from the 2014 Equity Plan do not entitle recipients to vote or receive dividends and will be forfeited in the event of the recipient's termination of employment, except for reasons such as death or disability. Certain other time-based restricted stock awards entitle recipients to vote and receive dividends. The fair value of the restricted stock and restricted stock units expected to vest and be released is expensed on a straight-line basis over the vesting period. As of December 31, 2020, the Company had outstanding nonvested time-based restricted stock and restricted stock units totaling approximately 4,162,000, most of which do not have voting rights or pay dividends.

The following table summarizes information about time-based restricted stock and restricted stock units:

	Restricted Stock and Restricted Stock Units (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2020	4,054	$ 40.73
Granted	1,354	53.90
Vested and released	(735)	41.52
Canceled/forfeited	(511)	46.30
Nonvested on December 31, 2020	4,162	$ 44.18

NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain employees. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement benefit arrangements outside the United States.

We refer to the funded defined benefit pension plan in the United States that is not associated with collective bargaining agreements as the "primary U.S. plan." As of December 31, 2020, the primary U.S. plan represented 61 percent and 59 percent of the Company's consolidated projected benefit obligation and pension plan assets, respectively.

Obligations and Funded Status

The following table sets forth the changes in benefit obligations and the fair value of plan assets for our pension and other postretirement benefit plans (in millions):

	Pension Plans		Other Postretirement Benefit Plans	
Year Ended December 31,	**2020**	2019	**2020**	2019
Benefit obligation at beginning of year[1]	**$ 8,757**	$ 8,015	**$ 757**	$ 719
Service cost	**112**	104	**11**	9
Interest cost	**235**	291	**21**	28
Participant contributions	**1**	1	**12**	20
Foreign currency exchange rate changes	**67**	(28)	**(1)**	(2)
Amendments	**3**	(1)	**—**	—
Net actuarial loss[2]	**746**	931	**22**	71
Benefits paid	**(485)**	(537)	**(59)**	(86)
Settlements[3]	**(81)**	(19)	**—**	—
Curtailments[3]	**(15)**	(2)	**6**	(2)
Special termination benefits	**2**	1	**—**	—
Other	**72**	1	**—**	—
Benefit obligation at end of year[1]	**$ 9,414**	$ 8,757	**$ 769**	$ 757
Fair value of plan assets at beginning of year	**$ 8,080**	$ 7,429	**$ 339**	$ 289
Actual return on plan assets	**830**	1,111	**51**	38
Employer contributions	**30**	36	**—**	—
Participant contributions	**1**	1	**7**	15
Foreign currency exchange rate changes	**97**	(26)	**—**	—
Benefits paid	**(419)**	(453)	**(1)**	(3)
Settlements[3]	**(53)**	(18)	**—**	—
Other	**73**	—	**—**	—
Fair value of plan assets at end of year	**$ 8,639**	$ 8,080	**$ 396**	$ 339
Net liability recognized	**$ (775)**	$ (677)	**$ (373)**	$ (418)

[1] For pension plans, the benefit obligation is the projected benefit obligation. For other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation. The accumulated benefit obligation for our pension plans was $9,263 million and $8,607 million as of December 31, 2020 and 2019, respectively.

[2] A decrease in the weighted-average discount rate was the primary driver of net actuarial loss during 2020 and 2019. For our primary U.S. pension plan, a decrease in the discount rate resulted in actuarial loss of $491 million and $611 million during 2020 and 2019, respectively. Other drivers of net actuarial loss included assumption updates, plan experience, our strategic realignment initiatives and our productivity and reinvestment program. Refer to Note 18.

[3] Settlements and curtailments were primarily related to our strategic realignment initiatives and our productivity and reinvestment program. Refer to Note 18.

Pension and other postretirement benefit plan amounts recognized in our consolidated balance sheets were as follows (in millions):

December 31,	Pension Plans 2020	Pension Plans 2019	Other Postretirement Benefit Plans 2020	Other Postretirement Benefit Plans 2019
Other assets	**$ 1,151**	$ 998	**$ —**	$ —
Accounts payable and accrued expenses	**(116)**	(72)	**(19)**	(21)
Other liabilities	**(1,810)**	(1,603)	**(354)**	(397)
Net liability recognized	**$ (775)**	$ (677)	**$ (373)**	$ (418)

Certain of our pension plans have a projected benefit obligation in excess of the fair value of plan assets. For these plans, the projected benefit obligation and the fair value of plan assets were as follows (in millions):

December 31,		**2020**		2019
Projected benefit obligation	**$**	**7,722**	$	7,194
Fair value of plan assets		**5,796**		5,515

Certain of our pension plans have an accumulated benefit obligation in excess of the fair value of plan assets. For these plans, the accumulated benefit obligation and the fair value of plan assets were as follows (in millions):

December 31,		**2020**		2019
Accumulated benefit obligation	**$**	**7,553**	$	7,052
Fair value of plan assets		**5,745**		5,485

All of our other postretirement benefit plans have an accumulated postretirement benefit obligation in excess of the fair value of plan assets.

Pension Plan Assets

The following table presents total assets by asset class for our U.S. and non-U.S. pension plans (in millions):

	U.S. Pension Plans				Non-U.S. Pension Plans			
December 31,		**2020**		2019		**2020**		2019
Cash and cash equivalents	**$**	**279**	$	364	**$**	**399**	$	377
Equity securities:								
U.S.-based companies		**1,382**		1,231		**757**		673
International-based companies		**988**		770		**738**		617
Fixed-income securities:								
Government bonds		**220**		263		**417**		273
Corporate bonds and debt securities		**926**		899		**116**		65
Mutual, pooled and commingled funds[1]		**301**		279		**513**		619
Hedge funds/limited partnerships		**588**		652		**34**		37
Real estate		**326**		337		**6**		5
Derivative financial instruments		**(1)**		—		**(14)**		—
Other		**364**		354		**300**		265
Total pension plan assets[2]	**$**	**5,373**	$	5,149	**$**	**3,266**	$	2,931

[1] Mutual, pooled and commingled funds include investments in equity securities, fixed-income securities and combinations of both. There are a significant number of mutual, pooled and commingled funds from which investors can choose. The selection of the type of fund is dictated by the specific investment objectives and needs of a given plan. These objectives and needs vary greatly between plans.

[2] Fair value disclosures related to our pension plan assets are included in Note 16. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall; a reconciliation of the beginning and ending balances of Level 3 assets; and information about the valuation techniques and inputs used to measure the fair value of our pension plan assets.

Investment Strategy for U.S. Pension Plans

The Company utilizes the services of investment managers to actively manage the assets of our U.S. pension plans. We have established asset allocation targets and investment guidelines with each investment manager. Our asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the plans. Selection of the targeted asset allocation for U.S. pension plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. Our target allocation is a mix of 42 percent equity investments, 30 percent fixed-income investments and 28 percent alternative investments. We believe this target allocation will enable us to achieve the following long-term investment objectives:

(1) optimize the long-term return on plan assets at an acceptable level of risk;

(2) maintain a broad diversification across asset classes and among investment managers; and

(3) maintain careful control of the risk level within each asset class.

The guidelines that have been established with each investment manager provide parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements and credit quality standards, where applicable. Investment managers agree to obtain written approval for deviations from stated investment style or guidelines. As of December 31, 2020, no investment manager was responsible for more than 9 percent of total U.S. pension plan assets.

Our target allocation of 42 percent equity investments is composed of 60 percent global equities, 16 percent emerging market equities and 24 percent domestic small- and mid-cap equities. Optimal returns through our investments in global equities are achieved through security selection as well as country and sector diversification. Investments in our common stock accounted for approximately 4 percent of our total global equities and approximately 3 percent of total U.S. pension plan assets. Our investments in global equities are intended to provide diversified exposure to both U.S. and non-U.S. equity markets. Our investments in both emerging market equities and domestic small- and mid-cap equities may experience large swings in their market value. Our investments in these asset classes are selected based on capital appreciation potential.

Our target allocation of 30 percent fixed-income investments is composed of 33 percent long-duration bonds and 67 percent with multi-strategy alternative credit managers. Long-duration bonds are intended to provide a stable rate of return through investments in high-quality publicly traded debt securities. Our investments in long-duration bonds are diversified in order to mitigate duration and credit exposure. Multi-strategy alternative credit managers invest in a combination of high-yield bonds, bank loans, structured credit and emerging market debt. These investments are in lower-rated and non-rated debt securities, which generally produce higher returns compared to long-duration bonds and also help to diversify our overall fixed-income portfolio.

Our target allocation for alternative investments is 28 percent. These alternative investments include hedge funds, reinsurance, private equity limited partnerships, leveraged buyout funds, international venture capital partnerships and real estate. The objective of investing in alternative investments is to provide a higher rate of return than that which is typically available from publicly traded equity securities. Alternative investments are inherently illiquid and require a long-term perspective in evaluating investment performance.

Investment Strategy for Non-U.S. Pension Plans

As of December 31, 2020, the long-term target allocation for 69 percent of our international subsidiaries' pension plan assets, primarily certain of our European and Canadian plans, was 64 percent equity securities, 4 percent fixed-income securities and 32 percent other investments. The actual allocation for the remaining 31 percent of the Company's international subsidiaries' pension plan assets consisted of 42 percent mutual, pooled and commingled funds; 21 percent fixed-income securities; 1 percent equity securities and 36 percent other investments. The investment strategies for our international subsidiaries' pension plans vary greatly, and in some instances are influenced by local law. None of our pension plans outside the United States is individually significant for separate disclosure.

Other Postretirement Benefit Plan Assets

Plan assets associated with other postretirement benefits primarily represent funding of one of the U.S. postretirement benefit plans through a Voluntary Employee Beneficiary Association ("VEBA"), a tax-qualified trust.

The VEBA assets are primarily invested in liquid assets due to the level and timing of expected future benefit payments.

The following table presents total assets by asset class for our other postretirement benefit plans (in millions):

December 31,	2020	2019
Cash and cash equivalents	**$ 30**	$ 57
Equity securities:		
U.S.-based companies	**170**	124
International-based companies	**12**	9
Fixed-income securities:		
Government bonds	**3**	3
Corporate bonds and debt securities	**80**	47
Mutual, pooled and commingled funds	**86**	84
Hedge funds/limited partnerships	**7**	7
Real estate	**4**	4
Other	**4**	4
Total other postretirement benefit plan assets[1]	**$ 396**	$ 339

[1] Fair value disclosures related to our other postretirement benefit plan assets are included in Note 16. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall and information about the valuation techniques and inputs used to measure the fair value of our other postretirement benefit plan assets.

Components of Net Periodic Benefit Cost (Income)

Net periodic benefit cost (income) for our pension and other postretirement benefit plans consisted of the following (in millions):

	Pension Plans			Other Postretirement Benefit Plans		
Year Ended December 31,	2020	2019	2018	2020	2019	2018
Service cost	**$ 112**	$ 104	$ 124	**$ 11**	$ 9	$ 11
Interest cost	**235**	291	296	**21**	28	25
Expected return on plan assets[1]	**(587)**	(552)	(650)	**(16)**	(13)	(13)
Amortization of prior service cost (credit)	**3**	(4)	(3)	**(3)**	(2)	(14)
Amortization of net actuarial loss[2]	**171**	151	128	**5**	2	3
Net periodic benefit cost (income)	**(66)**	(10)	(105)	**18**	24	12
Settlement charges[3]	**23**	6	240	**—**	—	—
Curtailment charges (credits)[3]	**1**	—	5	**6**	(2)	(4)
Special termination benefits[3]	**2**	1	7	**—**	—	—
Other	**(4)**	1	—	**—**	—	(1)
Total cost (income) recognized in consolidated statements of income	**$ (44)**	$ (2)	$ 147	**$ 24**	$ 22	$ 7

[1] The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

[2] Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the plan participants.

[3] Settlements, curtailments and special termination benefits were primarily related to our strategic realignment initiatives, our productivity and reinvestment program and the refranchising of certain of our North America bottling operations. Refer to Note 2 and Note 18.

All of the amounts in the tables above, other than service cost, were recorded in the line item other income (loss) — net in our consolidated statements of income.

Impact on Accumulated Other Comprehensive Income

The following table sets forth the changes in AOCI for our pension and other postretirement benefit plans (in millions, pretax):

	Pension Plans		Other Postretirement Benefit Plans	
Year Ended December 31,	**2020**	2019	**2020**	2019
Balance in AOCI at beginning of year	**$ (2,678)**	$ (2,482)	**$ (59)**	$ (15)
Recognized prior service cost (credit)	**3**	(4)	**(3)**	(4)
Recognized net actuarial loss	**195** [1]	157	**11**	2
Prior service credit (cost) occurring during the year	**(3)**	1	**—**	—
Net actuarial (loss) gain occurring during the year	**(488)** [2]	(370)	**7**	(44)
Net foreign currency translation adjustments	**(41)**	20	**(3)**	2
Balance in AOCI at end of year	**$ (3,012)**	$ (2,678)	**$ (47)**	$ (59)

[1] Includes $23 million of recognized net actuarial loss due to the impact of settlements.

[2] Includes $15 million of net actuarial loss occurring during the year due to the impact of curtailments.

The following table sets forth the amounts in AOCI for our pension and other postretirement benefit plans (in millions, pretax):

	Pension Plans		Other Postretirement Benefit Plans	
December 31,	**2020**	2019	**2020**	2019
Prior service credit (cost)	**$ (10)**	$ (12)	**$ 17**	$ 23
Net actuarial loss	**(3,002)**	(2,666)	**(64)**	(82)
Balance in AOCI at end of year	**$ (3,012)**	$ (2,678)	**$ (47)**	$ (59)

Assumptions

Certain weighted-average assumptions used in computing the benefit obligations for our pension and other postretirement benefit plans were as follows:

	Pension Plans		Other Postretirement Benefit Plans	
December 31,	**2020**	2019	**2020**	2019
Discount rate	**2.50 %**	3.25 %	**2.75 %**	3.50 %
Interest crediting rate	**3.00 %**	3.50 %	**N/A**	N/A
Rate of increase in compensation levels	**3.75 %**	3.75 %	**N/A**	N/A

Certain weighted-average assumptions used in computing net periodic benefit cost (income) were as follows:

	Pension Plans			Other Postretirement Benefit Plans		
Year Ended December 31,	**2020**	2019	2018	**2020**	2019	2018
Discount rate	**3.25 %**	4.00 %	3.50 %	**3.50 %**	4.25 %	3.50 %
Interest crediting rate	**3.50 %**	3.75 %	3.25 %	**N/A**	N/A	N/A
Rate of increase in compensation levels	**3.75 %**	3.75 %	3.50 %	**N/A**	N/A	N/A
Expected long-term rate of return on plan assets	**7.50 %**	7.75 %	8.00 %	**4.50 %**	4.50 %	4.50 %

The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. Rates for U.S. and certain non-U.S. plans at December 31, 2020 were determined using a cash flow matching technique whereby the rates of a yield curve, developed from

high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. For other non-U.S. plans, we base the discount rate assumption on comparable indices within each of the countries. The Company measures the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows. The rate of compensation increase assumption is determined by the Company based upon annual reviews.

The current cash balance interest crediting rate for the primary U.S. pension plan is the yield on six-month U.S. Treasury bills on the last day of September of the previous plan year, plus 150 basis points. The Company assumes that the current cash balance interest crediting rate will grow linearly over 10 years to the ultimate interest crediting rate assumption.

The expected long-term rate of return assumption for U.S. pension plan assets is based upon the target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. We evaluate the rate of return assumption on an annual basis. The expected long-term rate of return assumption used in computing 2020 net periodic pension cost for the U.S. pension plans was 7.50 percent. As of December 31, 2020, the 5-year, 10-year and 15-year annualized return on plan assets for the primary U.S. plan was 10.2 percent, 8.4 percent and 6.9 percent, respectively. The annualized return since inception was 10.5 percent.

The weighted-average assumptions for health care cost trend rates were as follows:

December 31,	**2020**	2019
Health care cost trend rate assumed for next year	**6.75 %**	6.75 %
Rate to which the trend rate is assumed to decline (the ultimate trend rate)	**5.25 %**	5.25 %
Year that the trend rate reaches the ultimate trend rate	**2025**	2025

We review external data and our own historical trends for health care costs to determine the health care cost trend rate assumptions. The Company's U.S. postretirement benefit plans are primarily defined dollar benefit plans that limit the effects of health care inflation because the plans have established dollar limits for determining our contributions.

Cash Flows

The estimated future benefit payments for our pension and other postretirement benefit plans are as follows (in millions):

Year Ended December 31,	2021	2022	2023	2024	2025	2026–2030
Benefit payments for pension plans	$ 657 [1]	$ 437	$ 472	$ 483	$ 491	$ 2,492
Benefit payments for other postretirement benefit plans[2]	60	56	54	51	50	226
Total estimated benefit payments	$ 717	$ 493	$ 526	$ 534	$ 541	$ 2,718

[1] The estimated benefit payments in 2021 are higher due to our strategic realignment initiatives. Refer to Note 18.

[2] The estimated benefit payments for our other postretirement benefit plans are net of estimated federal subsidies expected to be received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Federal subsidies are estimated to be $2 million for the period 2021–2025 and $2 million for the period 2026–2030.

The Company anticipates making contributions to our pension trusts in 2021 of $25 million, all of which will be allocated to our international plans. The majority of these contributions are required by funding regulations or laws.

Defined Contribution Plans

Our Company sponsors qualified defined contribution plans covering substantially all U.S. employees. Under the largest U.S. defined contribution plan, we match participants' contributions up to a maximum of 3.5 percent of compensation, subject to certain limits. The Company's expense for the U.S. plans totaled $43 million, $43 million and $39 million in 2020, 2019 and 2018, respectively. We also sponsor defined contribution plans in certain locations outside the United States. The Company's expense for these plans totaled $63 million, $64 million and $59 million in 2020, 2019 and 2018, respectively.

Multi-Employer Retirement Plans

The Company participates in various multi-employer retirement plans. Multi-employer retirement plans are designed to provide benefits to or on behalf of employees of multiple employers. These plans are typically established under collective bargaining agreements. Multi-employer retirement plans are generally governed by a board of trustees

composed of representatives of both management and labor and are generally funded through employer contributions.

The Company's expense for multi-employer retirement plans totaled $2 million, $5 million and $6 million in 2020, 2019 and 2018, respectively. The plans we currently participate in have contractual arrangements that extend into 2025. If, in the future, we choose to withdraw from any of the multi-employer retirement plans in which we currently participate, we would record the appropriate withdrawal liability, if any, at that time.

NOTE 14: INCOME TAXES

Income before income taxes consisted of the following (in millions):

Year Ended December 31,	**2020**	2019	2018
United States	**$ 3,149**	$ 3,249	$ 888
International	**6,600**	7,537	7,337
Total	**$ 9,749**	$ 10,786	$ 8,225

Income taxes consisted of the following (in millions):

	United States	State and Local	International	Total
2020				
Current	**$ 296**	**$ 396**	**$ 1,307**	**$ 1,999**
Deferred	**(220)**	**21**	**181**	**(18)**
2019				
Current	$ 508	$ 94	$ 1,479	$ 2,081
Deferred	(65)	52	(267)	(280)
2018				
Current	$ 591 [1]	$ 145	$ 1,426	$ 2,162
Deferred	(386) [1]	(81) [1]	54 [1]	(413)

[1] Includes the tax impact that resulted from changes to our original provisional estimates of the impact of the Tax Reform Act as permitted by Staff Accounting Bulletin No. 118 ("SAB 118").

We made income tax payments of $1,268 million, $2,126 million and $2,120 million in 2020, 2019 and 2018, respectively.

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the U.S. statutory rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2023 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $317 million, $335 million and $318 million for the years ended December 31, 2020, 2019 and 2018, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2020**	2019	2018
Statutory U.S. federal tax rate	**21.0 %**	21.0 %	21.0 %
State and local income taxes — net of federal benefit	**1.1**	0.9	1.5
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**0.9** [1]	1.1 [4,5,6]	3.1 [8,9]
Equity income or loss	**(1.4)**	(1.6)	(2.5)
Tax Reform Act	**—**	—	0.1 [10]
Excess tax benefits on stock-based compensation	**(0.8)**	(0.9)	(1.3)
Other — net	**(0.5)** [2,3]	(3.8) [7]	(0.6)
Effective tax rate	**20.3 %**	16.7 %	21.3 %

[1] Includes net tax charges of $110 million (or a 1.1 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon tax matters.

[2] Includes net tax expense of $431 million (or a 4.4 percent impact on our effective tax rate) primarily related to changes in judgment on specific tax positions due to the Opinion and amounts required to be recorded for changes to other uncertain tax positions, including interest and penalties. Also includes a tax benefit of $107 million (or a 1.1 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $135 million (or a 1.4 percent impact on our effective tax rate) related to domestic return to provision adjustments and other tax items.

[3] Includes a tax benefit of $40 million (or a 2.4 percent impact on our effective tax rate) associated with the $902 million gain recorded upon the acquisition of the remaining ownership interest in fairlife. Refer to Note 2.

[4] Includes net tax charges of $199 million (or a 1.9 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon tax matters.

[5] Includes the impact of pretax charges of $710 million (or a 1.2 percent impact on our effective tax rate) related to the impairment of certain of our equity method investees.

[6] Includes a tax benefit of $199 million (or a 1.5 percent impact on our effective tax rate) recorded as a result of CCBA no longer qualifying as a discontinued operation. Refer to Note 2.

[7] Includes a net tax benefit of $184 million (or a 1.7 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, a tax benefit of $145 million (or a 1.4 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $89 million (or a 0.8 percent impact on our effective tax rate) related to domestic return to provision adjustments as well as other agreed-upon tax matters.

[8] Includes the impact of pretax charges of $591 million (or a 1.5 percent impact on our effective tax rate) related to other-than-temporary impairments of certain of our equity method investees and the impact of a pretax charge of $554 million (or a 1.9 percent impact on our effective tax rate) related to an impairment of assets held by CCBA.

[9] Includes net tax expense of $28 million on net pretax charges of $403 million (or a 1.4 percent impact on our effective tax rate) primarily related to the refranchising of certain foreign bottling operations.

[10] Includes net tax expense of $8 million (or a 0.1 percent impact on our effective tax rate) related to the finalization of our accounting related to the Tax Reform Act.

The one-time transition tax is based on our total accumulated post-1986 prescribed foreign earnings and profits of approximately $41 billion. Most of this amount comprises unremitted foreign earnings, upon which no U.S. federal or state income tax had been accrued, because they were considered to have been indefinitely reinvested. At December 31, 2017, following enactment of the Tax Reform Act, we recorded a provisional $4.6 billion tax reflecting our best estimate of the one-time deemed repatriation tax liability as of December 31, 2017, and a $0.6 billion provisional deferred tax liability related to foreign withholding taxes and state income taxes on earnings no longer considered to be indefinitely reinvested.

During 2018, we recorded a net tax expense from the impact of the Tax Reform Act. As permitted by SAB 118, we had recorded provisional adjustments to our reasonable estimate of the impact of the Tax Reform Act during the 2018 measurement period pursuant to our analysis of contemporaneous guidance, interpretations and data, and we have

finalized that analysis based on such information available as of December 31, 2018. As such, we recorded an additional $0.3 billion in tax for our one-time transition tax and a tax benefit of $0.3 billion, primarily related to a reduction in deferred taxes on related withholding taxes and state income taxes in 2018. We also remeasured and adjusted certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21.0 percent. This adjustment was not significant.

As of December 31, 2020, we have not recorded incremental income taxes for any additional outside basis differences of approximately $5.7 billion in our investments in foreign subsidiaries, as these amounts continue to be indefinitely reinvested in

foreign operations. Determining the amount of unrecognized deferred tax liability related to any additional outside basis differences in these entities is not practicable.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return each foreign subsidiary's earnings in excess of an allowable return on the foreign subsidiary's tangible assets. An accounting policy election is available to either account for the tax effects of GILTI in the period that is subject to such taxes or to provide deferred taxes for book and tax basis differences that upon reversal may be subject to such taxes. We have elected to account for the tax effects of these provisions in the period that is subject to such tax and the impact is reflected in our full year provision.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. U.S. tax authorities have completed their federal income tax examinations for all years prior to 2007. With respect to state and local jurisdictions and countries outside the United States, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years prior to 2006. For U.S. federal and state tax purposes, the net operating losses and tax credit carryovers acquired in connection with our acquisition of Old CCE that were generated between the years of 1990 through 2010 are subject to adjustments until the year in which they are actually utilized is no longer subject to examination. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for in accordance with the applicable accounting guidance.

On November 18, 2020, the Tax Court issued the Opinion regarding the Company's 2015 litigation with the IRS involving transfer pricing tax adjustments in which the court predominantly sided with the IRS. The Company disagrees with the Opinion and intends to vigorously defend its position. Refer to Note 11.

As of December 31, 2020, the gross amount of unrecognized tax benefits was $915 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $588 million, exclusive of any benefits related to interest and penalties. The remaining $327 million primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	**2020**	2019	2018
Balance of unrecognized tax benefits at beginning of year	**$ 392**	$ 336	$ 331
Increase related to prior period tax positions	**528** [1]	204 [2]	11
Decrease related to prior period tax positions	**(1)**	—	(2)
Increase related to current period tax positions	**26**	29	17
Decrease related to settlements with taxing authorities	**(19)**	(174) [3]	(4)
Increase (decrease) due to effect of foreign currency exchange rate changes	**(11)**	(3)	(17)
Balance of unrecognized tax benefits at end of year	**$ 915**	$ 392	$ 336

[1] The increase was primarily related to a change in judgment on certain tax positions due to the Opinion. Refer to Note 11.

[2] The increase was primarily related to a change in judgment about the Company's tax positions with several foreign jurisdictions.

[3] The decrease was primarily related to a change in judgment about one of the Company's tax positions that became certain as a result of settlement of a matter in the United States.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $391 million, $201 million and $190 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2020, 2019 and 2018, respectively. Of these amounts, $190 million, $11 million and $13 million of expense were recognized in income tax expense in 2020, 2019 and 2018, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would be a benefit to the Company's effective tax rate.

It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a significant impact on our consolidated statement of income or consolidated balance sheet. These changes may be the result of settlements of ongoing audits, statute of limitations expiring or final settlements in transfer pricing matters that are the subject of litigation. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consisted of the following (in millions):

December 31,		**2020**		2019
Deferred tax assets:				
Property, plant and equipment	**$**	**44**	$	53
Trademarks and other intangible assets		**2,214**		2,267
Equity method investments (including net foreign currency translation adjustments)		**580**		372
Derivative financial instruments		**523**		389
Other liabilities		**1,401**		1,066
Benefit plans		**893**		880
Net operating/capital loss carryforwards		**320**		259
Other		**391**		311
Gross deferred tax assets		**6,366**		5,597
Valuation allowances		**(406)**		(303)
Total deferred tax assets	**$**	**5,960**	$	5,294
Deferred tax liabilities:				
Property, plant and equipment	**$**	**(837)**	$	(877)
Trademarks and other intangible assets		**(1,661)**		(1,533)
Equity method investments (including net foreign currency translation adjustments)		**(1,533)**		(1,667)
Derivative financial instruments		**(435)**		(348)
Other liabilities		**(402)**		(351)
Benefit plans		**(321)**		(286)
Other		**(144)**		(104)
Total deferred tax liabilities	**$**	**(5,333)**	$	(5,166)
Net deferred tax assets	**$**	**627**	$	128

As of December 31, 2020 and 2019, we had net deferred tax assets of $1.4 billion and $1.3 billion, respectively, located in countries outside the United States.

As of December 31, 2020, we had $2,669 million of loss carryforwards available to reduce future taxable income. Loss carryforwards of $687 million must be utilized within the next five years, and the remainder can be utilized over a period greater than five years.

An analysis of our deferred tax asset valuation allowances is as follows (in millions):

Year Ended December 31,		**2020**		2019		2018
Balance at beginning of year	**$**	**303**	$	419	$	519
Additions		**240**		148		83
Deductions		**(137)**		(264)		(183)
Balance at end of year	**$**	**406**	$	303	$	419

The Company's deferred tax asset valuation allowances are primarily the result of uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards from operations in various jurisdictions and basis differences in certain equity investments. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes that it will generate sufficient future

taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet.

In 2020, the Company recognized a net increase of $103 million in its valuation allowances. The increase was primarily due to net increases in the deferred tax assets and related valuation allowances on certain equity investments. The increase was also due to the increase of valuation allowances after considering significant negative evidence on the utilization of certain net operating losses and excess foreign tax credits.

In 2019, the Company recognized a net decrease of $116 million in its valuation allowances. This decrease was primarily due to the reversal of a valuation allowance after considering significant positive evidence on the utilization of certain net operating

losses. This decrease was also due to the reversal of a valuation allowance in our U.S. operations related to expenses that were previously determined to be nondeductible and the changes in net operating losses in the normal course of business. The decreases were partially offset by an increase in the valuation allowance due to increases in the deferred tax assets and related valuation allowances on certain equity method investments and an increase due to the acquisition of foreign operations.

In 2018, the Company recognized a net decrease of $100 million in its valuation allowances. This decrease was primarily due to changes to deferred tax assets and related valuation allowances on certain equity investments. In addition, the changes in net operating losses in the normal course of business contributed to the net decrease in valuation allowance. The decreases were partially offset by an increase due to the acquisition of a controlling interest in one of our foreign bottling operations.

NOTE 15: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented in our consolidated balance sheet as a component of The Coca-Cola Company's shareowners' equity, which also includes our proportionate share of equity method investees' AOCI. OCI attributable to noncontrolling interests is allocated to, and included in, our consolidated balance sheet as part of the line item equity attributable to noncontrolling interests.

AOCI attributable to shareowners of The Coca-Cola Company consisted of the following, net of tax (in millions):

December 31,		**2020**		2019
Net foreign currency translation adjustments	**$**	**(12,028)**	$	(11,270)
Accumulated net gains (losses) on derivatives		**(194)**		(209)
Unrealized net gains (losses) on available-for-sale debt securities		**28**		75
Adjustments to pension and other postretirement benefit liabilities		**(2,407)**		(2,140)
Accumulated other comprehensive income (loss)	**$**	**(14,601)**	$	(13,544)

The following table summarizes the allocation of total comprehensive income between shareowners of The Coca-Cola Company and noncontrolling interests (in millions):

	Year Ended December 31, 2020		
	Shareowners of The Coca-Cola Company	Noncontrolling Interests	Total
Consolidated net income	$ 7,747	$ 21	$ 7,768
Other comprehensive income:			
Net foreign currency translation adjustments	(758)	(153)	(911)
Net gains (losses) on derivatives[1]	15	—	15
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	(47)	—	(47)
Net change in pension and other postretirement benefit liabilities[3]	(267)	—	(267)
Total comprehensive income	$ 6,690	$ (132)	$ 6,558

[1] Refer to Note 5 for additional information related to the net gains or losses on derivative instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees' OCI, for the years ended December 31, 2020, 2019 and 2018 was as follows (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
2020			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	**$ (2,223)**	**$ 150**	**$ (2,073)**
Reclassification adjustments recognized in net income	**3**	**—**	**3**
Gains (losses) on intra-entity transactions that are of a long-term investment nature	**2,133**	**—**	**2,133**
Gains (losses) on net investment hedges arising during the year[1]	**(1,094)**	**273**	**(821)**
Net foreign currency translation adjustments	**$ (1,181)**	**$ 423**	**$ (758)**
Derivatives:			
Gains (losses) arising during the year	**$ (54)**	**$ 13**	**$ (41)**
Reclassification adjustments recognized in net income	**74**	**(18)**	**56**
Net gains (losses) on derivatives[1]	**$ 20**	**$ (5)**	**$ 15**
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	**$ (64)**	**$ 22**	**$ (42)**
Reclassification adjustments recognized in net income	**(7)**	**2**	**(5)**
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	**$ (71)**	**$ 24**	**$ (47)**
Pension and other postretirement benefit liabilities:			
Net pension and other postretirement benefit liabilities arising during the year	**$ (560)**	**$ 138**	**$ (422)**
Reclassification adjustments recognized in net income	**206**	**(51)**	**155**
Net change in pension and other postretirement benefit liabilities[3]	**$ (354)**	**$ 87**	**$ (267)**
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	**$ (1,586)**	**$ 529**	**$ (1,057)**

2019			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ 52	$ (54)	$ (2)
Reclassification adjustments recognized in net income	192	—	192
Gains (losses) on intra-entity transactions that are of a long-term investment nature	(307)	—	(307)
Gains (losses) on net investment hedges arising during the year[1]	195	(49)	146
Net foreign currency translation adjustments	$ 132	$ (103)	$ 29
Derivatives:			
Gains (losses) arising during the year	$ (225)	$ 49	$ (176)
Reclassification adjustments recognized in net income	163	(41)	122
Net gains (losses) on derivatives[1]	$ (62)	$ 8	$ (54)
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	$ 47	$ (4)	$ 43
Reclassification adjustments recognized in net income	(31)	6	(25)
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	$ 16	$ 2	$ 18
Pension and other postretirement benefit liabilities:			
Net pension and other postretirement benefit liabilities arising during the year	$ (379)	$ 105	$ (274)
Reclassification adjustments recognized in net income	151	(36)	115
Net change in pension and other postretirement benefit liabilities[3]	$ (228)	$ 69	$ (159)
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (142)	$ (24)	$ (166)

	Before-Tax Amount	Income Tax	After-Tax Amount
2018			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,728)	$ 59	$ (1,669)
Reclassification adjustments recognized in net income	398	—	398
Gains (losses) on intra-entity transactions that are of a long-term investment nature	(1,296)	—	(1,296)
Gains (losses) on net investment hedges arising during the year[1]	639	(160)	479
Net foreign currency translation adjustments	$ (1,987)	$ (101)	$ (2,088)
Derivatives:			
Gains (losses) arising during the year	$ 59	$ (16)	$ 43
Reclassification adjustments recognized in net income	(68)	18	(50)
Net gains (losses) on derivatives[1]	$ (9)	$ 2	$ (7)
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	$ (50)	$ 11	$ (39)
Reclassification adjustments recognized in net income	5	—	5
Net change in unrealized gains (losses) on available-for-sale securities[2]	$ (45)	$ 11	$ (34)
Pension and other postretirement benefit liabilities:			
Net pension and other postretirement benefit liabilities arising during the year	$ (299)	$ 75	$ (224)
Reclassification adjustments recognized in net income	341	(88)	253
Net change in pension and other postretirement benefit liabilities[3]	$ 42	$ (13)	$ 29
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (1,999)	$ (101)	$ (2,100)

[1] Refer to Note 5 for additional information related to the net gains or losses on derivative instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

The following table presents the amounts and line items in our consolidated statement of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2020 (in millions):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income
Foreign currency translation adjustments:		
Divestitures, deconsolidations and other[1]	Other income (loss) — net	$ 3
	Income before income taxes	3
	Income taxes	—
	Consolidated net income	$ 3
Derivatives:		
Foreign currency contracts	Net operating revenues	$ 73
Foreign currency and commodity contracts	Cost of goods sold	(9)
Foreign currency contracts	Other income (loss) — net	(60)
Foreign currency and interest rate contracts	Interest expense	70
	Income before income taxes	74
	Income taxes	(18)
	Consolidated net income	$ 56
Available-for-sale securities:		
Sale of securities	Other income (loss) — net	$ (7)
	Income before income taxes	(7)
	Income taxes	2
	Consolidated net income	$ (5)
Pension and other postretirement benefit liabilities:		
Settlement charges[2]	Other income (loss) — net	$ 23
Curtailment charges[2]	Other income (loss) — net	7
Recognized net actuarial loss	Other income (loss) — net	176
Recognized prior service cost (credit)	Other income (loss) — net	—
	Income before income taxes	206
	Income taxes	(51)
	Consolidated net income	$ 155

[1] Related to the sale of a portion of our ownership interest in one of our equity method investees. Refer to Note 2.

[2] The settlement and curtailment charges were related to our strategic realignment initiatives. Refer to Note 13 and Note 18.

NOTE 16: FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.

- Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are investments in equity securities with readily determinable fair values, debt securities classified as trading or available-for-sale and derivative financial instruments. Additionally, the Company adjusts the carrying value of certain long-term debt as a result of the Company's fair value hedging strategy.

Investments in Debt and Equity Securities

The fair values of our investments in debt and equity securities using quoted market prices from daily exchange traded markets are based on the closing price as of the balance sheet date and are classified as Level 1. The fair values of our investments in debt and equity securities classified as Level 2 are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. Inputs into these valuation techniques include actual trade data, benchmark yields, broker/dealer quotes and other similar data. These inputs are obtained from quoted market prices, independent pricing vendors or other sources.

Derivative Financial Instruments

The fair values of our futures contracts are primarily determined using quoted contract prices on futures exchange markets. The fair values of these instruments are based on the closing contract price as of the balance sheet date and are classified as Level 1.

The fair values of our derivative instruments other than futures are determined using standard valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these standard valuation models for derivative instruments other than futures include the applicable exchange rates, forward rates, interest rates, discount rates and commodity prices. The standard valuation model for options also uses implied volatility as an additional input. The discount rates are based on the historical U.S. Deposit or U.S. Treasury rates, and the implied volatility specific to options is based on quoted rates from financial institutions.

Included in the fair values of derivative instruments is an adjustment for nonperformance risk. The adjustment is based on current credit default swap ("CDS") rates applied to each contract, by counterparty. We use our counterparty's CDS rate when we are in an asset position and our own CDS rate when we are in a liability position. The adjustment for nonperformance risk did not have a significant impact on the estimated fair values of our derivative instruments.

The following tables summarize those assets and liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2020					
	Level 1	Level 2	Level 3	Other[3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 2,049	$ 210	$ 12	$ 103	$ —	$ 2,374
Debt securities[1]	4	2,267	32	—	—	2,303
Derivatives[2]	63	835	—	—	(669) [6]	229 [8]
Total assets	$ 2,116	$ 3,312	$ 44	$ 103	$ (669)	$ 4,906
Liabilities:						
Contingent consideration liability	$ —	$ —	$ 321 [5]	$ —	$ —	$ 321
Derivatives[2]	—	91	—	—	(81) [7]	10 [8]
Total liabilities	$ —	$ 91	$ 321	$ —	$ (81)	$ 331

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 5 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 5.

[5] Refer to Note 2 for additional information related to the contingent consideration liability resulting from the fairlife acquisition.

[6] The Company is obligated to return $546 million in cash collateral it has netted against its derivative position.

[7] The Company does not have the right to reclaim any cash collateral it has netted against its derivative position.

[8] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $229 million in the line item other assets, $9 million in the line item accounts payable and accrued expenses and $1 million in the line item other liabilities. Refer to Note 5 for additional information related to the composition of our derivative portfolio.

	December 31, 2019					
	Level 1	Level 2	Level 3	Other[3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 1,877	$ 219	$ 14	$ 109	$ —	$ 2,219
Debt securities[1]	—	3,291	37	—	—	3,328
Derivatives[2]	9	579	—	—	(392) [5]	196 [7]
Total assets	$ 1,886	$ 4,089	$ 51	$ 109	$ (392)	$ 5,743
Liabilities:						
Derivatives[2]	$ —	$ 162	$ —	$ —	$ (130) [6]	$ 32 [7]
Total liabilities	$ —	$ 162	$ —	$ —	$ (130)	$ 32

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 5 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 5.

[5] The Company is obligated to return $261 million in cash collateral it has netted against its derivative position.

[6] The Company does not have the right to reclaim any cash collateral it has netted against its derivative position.

[7] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $196 million in the line item other assets and $32 million in the line item other liabilities. Refer to Note 5 for additional information related to the composition of our derivative portfolio.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the years ended December 31, 2020 and 2019.

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. Gross transfers between levels within the hierarchy were not significant for the years ended December 31, 2020 and 2019.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges or as a result of observable changes in equity securities using the measurement alternative.

The gains and losses on assets measured at fair value on a nonrecurring basis are summarized in the following table (in millions):

	Gains (Losses)	
Year Ended December 31,	**2020**	2019
Other-than-temporary impairment charges	**$ (290)** [1]	$ (767) [1]
Impairment of intangible assets	**(215)** [2]	(42) [4]
Impairment of equity investment without a readily determinable fair value	**(26)** [3]	—
CCBA asset adjustments	**—**	(160) [5]
Total	**$ (531)**	$ (969)

[1] During the years ended December 31, 2020 and 2019, the Company recorded other-than-temporary impairment charges of $252 million and $406 million, respectively, related to CCBJHI, an equity method investee. Based on the length of time and the extent to which the market value of our investment in CCBJHI was less than our carrying value and the financial condition and near-term prospects of the issuer, management determined that the decline in fair value was other than temporary in nature. These impairment charges were determined using the quoted market prices (a Level 1 measurement) of CCBJHI. The Company also recorded other-than-temporary impairment charges of $38 million and $49 million, respectively, related to certain equity method investees in Latin America. These impairment charges were derived using Level 3 inputs and were primarily driven by revised projections of future operating results. During the year ended December 31, 2019, the Company recognized other-than-temporary impairment charges of $255 million related to certain equity method investees in the Middle East. These impairment charges were derived using Level 3 inputs and were primarily driven by revised projections of future operating results largely related to instability in the region and changes in local excise taxes. The Company also recognized an other-than-temporary impairment charge of $57 million related to one of our equity method investees in North America. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results.

[2] The Company recorded impairment charges of $160 million related to its Odwalla trademark in North America, as the Company decided in June 2020 to discontinue its Odwalla juice business. The Company also recorded an impairment charge of $55 million related to a trademark in North America, which was primarily driven by the impact of the COVID-19 pandemic, revised projections of future operating results and a change in brand focus in the Company's portfolio. The fair value of this trademark was derived using discounted cash flow analyses based on Level 3 inputs.

[3] The Company recorded an impairment charge of $26 million related to an investment in an equity security without a readily determinable fair value. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results.

[4] The Company recorded an impairment charge of $42 million related to a trademark in Asia Pacific, which was primarily driven by revised projections of future operating results for the trademark. The fair value of this trademark was derived using discounted cash flow analyses based on Level 3 inputs.

[5] As a result of CCBA no longer being classified as held for sale, the Company was required to measure CCBA's property, plant and equipment and definite-lived intangible assets at the lower of their current fair values or their carrying amounts before they were classified as held for sale, adjusted for depreciation and amortization expense that would have been recognized had the business been classified as held and used during the period that CCBA was classified as held for sale. As a result, we reduced the carrying value of CCBA's property, plant and equipment and definite-lived intangible assets by $34 million and $126 million, respectively, based on Level 3 inputs. Refer to Note 2.

Fair Value Measurements for Pension and Other Postretirement Benefit Plan Assets

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension and other postretirement benefit plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost as well as amounts recognized in our consolidated balance sheets. Refer to Note 13. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension and other postretirement benefit plans.

Pension Plan Assets

The following table summarizes the levels within the fair value hierarchy for our pension plan assets (in millions):

	December 31, 2020					December 31, 2019				
	Level 1	**Level 2**	**Level 3**	**Other [1]**	**Total**	Level 1	Level 2	Level 3	Other [1]	Total
Cash and cash equivalents	**$ 558**	**$ 120**	**$ —**	**$ —**	**$ 678**	$ 597	$ 144	$ —	$ —	$ 741
Equity securities:										
U.S.-based companies	**2,123**	**12**	**4**	**—**	**2,139**	1,876	7	21	—	1,904
International-based companies	**1,694**	**32**	**—**	**—**	**1,726**	1,354	33	—	—	1,387
Fixed-income securities:										
Government bonds	**—**	**637**	**—**	**—**	**637**	—	536	—	—	536
Corporate bonds and debt securities	**—**	**1,011**	**31**	**—**	**1,042**	—	924	40	—	964
Mutual, pooled and commingled funds	**44**	**268**	**—**	**502 [4]**	**814**	40	258	—	600 [4]	898
Hedge funds/limited partnerships	**—**	**—**	**—**	**622 [5]**	**622**	—	—	—	689 [5]	689
Real estate	**—**	**—**	**—**	**332 [6]**	**332**	—	—	—	342 [6]	342
Derivative financial instruments	**—**	**(15) [2]**	**—**	**—**	**(15)**	—	—	—	—	—
Other	**—**	**—**	**302 [3]**	**362 [7]**	**664**	—	—	273 [3]	346 [7]	619
Total	**$4,419**	**$2,065**	**$ 337**	**$1,818**	**$8,639**	$3,867	$1,902	$ 334	$1,977	$8,080

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 13.

[2] This class of assets includes investments in credit contracts.

[3] Includes purchased annuity insurance contracts.

[4] This class of assets includes actively managed emerging markets equity funds and a collective trust fund for qualified plans, invested primarily in equity securities of companies in developing and emerging markets. There are no liquidity restrictions on these investments.

[5] This class of assets includes hedge funds that can be subject to redemption restrictions, ranging from monthly to semiannually, with a redemption notice period of up to one year and/or initial lock-up periods of up to three years, and private equity funds that are primarily closed-end funds in which the Company's investments are generally not eligible for redemption. Distributions from these private equity funds will be received as the underlying assets are liquidated or distributed.

[6] This class of assets includes funds invested in real estate, including a privately held real estate investment trust, a real estate commingled pension trust fund, infrastructure limited partnerships and commingled investment funds. These funds seek current income and capital appreciation through the investments and can be subject to redemption restrictions, ranging from quarterly to semiannually, with a redemption notice period of up to 90 days.

[7] This class of assets includes segregated portfolios of private investment funds that are invested in a portfolio of insurance-linked securities. These assets can be subject to a semiannual redemption, with a redemption notice period of 90 days, subject to certain gate restrictions.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.S. and non-U.S. pension plans (in millions):

	Equity Securities	Fixed-Income Securities	Other	Total
2019				
Balance at beginning of year	$ 17	$ 16	$ 270	$ 303
Actual return on plan assets	1	—	10	11
Purchases, sales, and settlements — net	1	21	1	23
Transfers into Level 3 — net	2	3	—	5
Net foreign currency translation adjustments	—	—	(8)	(8)
Balance at end of year	$ 21	$ 40	$ 273 [1]	$ 334
2020				
Balance at beginning of year	**$ 21**	**$ 40**	**$ 273** [1]	**$ 334**
Actual return on plan assets	**—**	**1**	**6**	**7**
Purchases, sales, and settlements — net	**(18)**	**(17)**	**4**	**(31)**
Transfers into Level 3 — net	**1**	**7**	**—**	**8**
Net foreign currency translation adjustments	**—**	**—**	**19**	**19**
Balance at end of year	**$ 4**	**$ 31**	**$ 302** [1]	**$ 337**

[1] Includes purchased annuity insurance contracts.

Other Postretirement Benefit Plan Assets

The following table summarizes the levels within the fair value hierarchy for our other postretirement benefit plan assets (in millions):

	December 31, 2020				December 31, 2019			
	Level 1	**Level 2**	**Other** [1]	**Total**	Level 1	Level 2	Other [1]	Total
Cash and cash equivalents	**$ 29**	**$ 1**	**$ —**	**$ 30**	$ 56	$ 1	$ —	$ 57
Equity securities:								
U.S.-based companies	**169**	**1**	**—**	**170**	124	—	—	124
International-based companies	**12**	**—**	**—**	**12**	9	—	—	9
Fixed-income securities:								
Government bonds	**—**	**3**	**—**	**3**	—	3	—	3
Corporate bonds and debt securities	**—**	**80**	**—**	**80**	—	47	—	47
Mutual, pooled and commingled funds	**—**	**84**	**2**	**86**	—	2	82	84
Hedge funds/limited partnerships	**—**	**—**	**7**	**7**	—	—	7	7
Real estate	**—**	**—**	**4**	**4**	—	—	4	4
Other	**—**	**—**	**4**	**4**	—	—	4	4
Total	**$ 210**	**$ 169**	**$ 17**	**$ 396**	$ 189	$ 53	$ 97	$ 339

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 13.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents; short-term investments; trade accounts receivable; accounts payable and accrued expenses; and loans and notes payable approximate their fair values because of the relatively short-term maturities of these financial instruments. As of December 31, 2020, the carrying amount and fair value of our long-term debt, including the current portion, were $40,610 million and $43,218 million, respectively. As of December 31, 2019, the carrying amount and fair value of our long-term debt, including the current portion, were $31,769 million and $32,725 million, respectively.

NOTE 17: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

Other Operating Charges

In 2020, the Company recorded other operating charges of $853 million. These charges primarily consisted of $413 million related to the Company's strategic realignment initiatives and $99 million related to the Company's productivity and reinvestment program. In addition, other operating charges included impairment charges of $160 million related to the Odwalla trademark and net charges of $33 million related to discontinuing the Odwalla juice business. Other operating charges also included an impairment charge of $55 million related to a trademark in North America. In addition, other operating charges included $51 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition and net charges of $16 million related to the restructuring of our manufacturing operations in the United States. Refer to Note 2 for additional information on the fairlife acquisition. Refer to Note 16 for additional information on the impairment charges. Refer to Note 18 for additional information on the Company's strategic realignment initiatives and productivity and reinvestment program. Refer to Note 19 for the impact these charges had on our operating segments and Corporate.

In 2019, the Company recorded other operating charges of $458 million. These charges included $264 million related to the Company's productivity and reinvestment program and $42 million related to the impairment of a trademark in Asia Pacific. In addition, other operating charges included $46 million of transaction costs associated with the purchase of Costa, which we acquired in January 2019, and $95 million for costs incurred to refranchise certain of our North America bottling operations. These costs included, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Refer to Note 2 for additional information on the acquisition of Costa and the refranchising of our bottling operations. Refer to Note 16 for additional information on the trademark impairment charge. Refer to Note 18 for additional information on the Company's productivity and reinvestment program. Refer to Note 19 for the impact these charges had on our operating segments and Corporate.

In 2018, the Company recorded other operating charges of $1,079 million. These charges primarily consisted of $450 million of North America bottling operations' asset impairments and $440 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $139 million related to costs incurred to refranchise certain of our North America bottling operations. Other operating charges also included $33 million related to tax litigation expense and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 for additional information on the refranchising of our bottling operations. Refer to Note 11 for additional information related to the tax litigation. Refer to Note 18 for additional information on the Company's productivity and reinvestment program. Refer to Note 19 for the impact these charges had on our operating segments and Corporate.

Other Nonoperating Items

Interest Expense

During the year ended December 31, 2020, the Company recorded charges of $484 million related to the extinguishment of certain long-term debt. Refer to Note 10.

During the year ended December 31, 2018, the Company recorded a net gain of $27 million related to the extinguishment of certain long-term debt. Refer to Note 10.

Equity Income (Loss) — Net

The Company recorded net charges of $216 million, $100 million and $111 million in equity income (loss) — net during the years ended December 31, 2020, 2019 and 2018, respectively. These amounts primarily represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 19 for the impact these charges had on our operating segments and Corporate.

Other Income (Loss) — Net

In 2020, other income (loss) — net was income of $841 million. The Company recognized a gain of $902 million in conjunction with the fairlife acquisition, a net gain of $148 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, a net gain of $18 million related to the sale of a portion of our ownership interest in one of our equity method investees and a gain of $17 million related to the sale of our ownership interest in an equity method investee in North America. These gains were partially offset by an other-than-temporary impairment charge of $252 million related to CCBJHI, an equity method investee, an other-than-temporary impairment charge of $38 million related to one of our equity method investees in Latin America, an impairment charge of $26 million associated with an investment in an equity security without a readily determinable fair value and a net loss of $55 million related to economic hedging activities. The Company also recorded net charges of $25 million related to the restructuring of our manufacturing operations in the United States and pension and other postretirement benefit plan settlement and curtailment charges of $14 million related to the Company's strategic realignment initiatives. Refer to Note 2 for additional information on the fairlife acquisition. Refer to Note 4 for additional information on equity and debt securities. Refer to Note 5 for additional information on our economic hedging activities. Refer to Note 16 for additional information on the impairment charges. Refer to Note 18 for additional information on the Company's strategic realignment initiatives. Refer to Note 19 for the impact these items had on our operating segments and Corporate.

In 2019, other income (loss) — net was income of $34 million. The Company recognized a gain of $739 million on the sale of a retail and office building in New York City. The Company also recognized a net gain of $250 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, a gain of $73 million related to the refranchising of certain bottling operations in India and a gain of $39 million related to the sale of a portion of our ownership interest in Andina. These gains were partially offset by other-than-temporary impairment charges of $406 million related to CCBJHI, an equity method investee, $255 million related to certain equity method investees in the Middle East, $57 million related to one of our equity method investees in North America and $49 million related to one of our equity method investees in Latin America. The Company also recorded an adjustment to reduce the carrying amount of CCBA's fixed assets and definite-lived intangible assets by $160 million and recognized a $118 million net loss in conjunction with our acquisition of the remaining ownership interest in CHI. Additionally, the Company recognized net charges of $105 million primarily related to post-closing adjustments as contemplated by the related agreements associated with the refranchising of certain bottling territories in North America and charges of $4 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single new form of bottling agreement with additional requirements. Refer to Note 2 for additional information on the CCBA asset adjustment, refranchising activities, the North America conversion payments, the acquisition of the remaining ownership interest in CHI and the sale of a portion of our ownership interest in Andina. Refer to Note 4 for additional information on equity and debt securities. Refer to Note 19 for the impact these items had on our operating segments and Corporate.

In 2018, other income (loss) — net was a loss of $1,674 million. The Company recorded other-than-temporary impairment charges of $591 million related to certain of our equity method investees, an impairment charge of $554 million related to assets held by CCBA and net charges of $476 million due to the refranchising of certain bottling territories in North America. The Company also recorded a net loss of $278 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, charges of $240 million related to pension settlements, and a net loss of $79 million related to economic hedging activity associated with the purchase of Costa, which we acquired in January 2019. Additionally, we recorded charges of $34 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single new form of bottling agreement with additional requirements, a net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations and a $32 million loss related to acquiring a controlling interest in the Philippine bottling operations. These charges were partially offset by a net gain of $296 million related to the sale of our equity ownership in Lindley and a net gain of $47 million related to the refranchising of our Latin American bottling operations. Refer to Note 1 and Note 4 for additional information on equity and debt securities. Refer to Note 2 for additional information on refranchising activities, North America conversion payments, the sale of our equity ownership in Lindley, our acquisition of the controlling interest in the Philippine bottling operations and our acquisition of Costa. Refer to Note 5 for additional

information on our hedging activities. Refer to Note 19 for the impact these items had on our operating segments and Corporate.

NOTE 18: RESTRUCTURING

Strategic Realignment

In August 2020, the Company announced strategic steps to transform our organizational structure in an effort to better enable us to capture growth in the fast-changing marketplace. The Company is building a networked global organization designed to combine the power of scale with the deep knowledge required to win locally. We are creating new operating units effective January 1, 2021, which will be focused on regional and local execution. The operating units, which will sit under the four existing geographic segments, will be highly interconnected, with more consistency in their structure and a focus on eliminating duplication of resources and scaling new products more quickly. The operating units will work closely with five global marketing category leadership teams to rapidly scale ideas. The global marketing category leadership teams will primarily focus on innovation, marketing efficiency and effectiveness. The organizational structure will also include our existing center that will provide strategy, governance and scale for global initiatives. The operating units, global marketing category leadership teams and the center will be supported by a platform services organization, which will focus on providing efficient and scaled global services and capabilities including, but not limited to, governance, transactional work, data management, consumer analytics, digital commerce and social/digital hubs.

The expenses related to these strategic realignment initiatives were recorded in the line items other operating charges and other income (loss) — net in our consolidated statement of income. Refer to Note 19 for the impact these expenses had on our operating segments and Corporate. Outside services reported in the table below primarily relate to expenses in connection with legal and consulting activities. The Company currently expects the total cost of the strategic realignment initiatives will be up to $550 million. We expect the new networked organization to be established and functioning at the beginning of 2021, and the platform services activities will be integrated, standardized and scaled over the course of 2021.

The following table summarizes the balance of accrued expenses related to these strategic realignment initiatives (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2020				
Costs incurred	$ 386	$ 37	$ 4	$ 427
Payments	(170)	(36)	(1)	(207)
Noncash and exchange	(35) [1]	—	—	(35)
Accrued balance at end of year	$ 181	$ 1	$ 3	$ 185

[1] Includes stock-based compensation modification and other postretirement benefit plan curtailment charges.

Productivity and Reinvestment Program

In February 2012, the Company announced a productivity and reinvestment program designed to further enable our efforts to strengthen our brands and reinvest our resources to drive long-term profitable growth. This program is focused on the following initiatives: global supply chain optimization; global marketing and innovation effectiveness; operating expense leverage and operational excellence; data and information technology systems standardization; and the integration of Old CCE.

In February 2014, the Company announced the expansion of our productivity and reinvestment program to drive incremental productivity that will primarily be redirected into increased media investments. Our incremental productivity goal consists of two relatively equal components. First, we will expand savings through global supply chain optimization, data and information technology systems standardization, and resource and cost reallocation. Second, we will increase the effectiveness of our marketing investments by transforming our marketing and commercial model to redeploy resources into more consumer-facing marketing investments to accelerate growth.

In October 2014, the Company announced that we were further expanding our productivity and reinvestment program and extending it through 2019. The expansion of the productivity initiatives focused on four key areas: restructuring the Company's global supply chain; implementing zero-based work, an evolution of zero-based budget

principles, across the organization; streamlining and simplifying the Company's operating model; and further driving increased discipline and efficiency in direct marketing investments.

In April 2017, the Company announced another expansion of our productivity and reinvestment program. This expansion is focused on achieving additional efficiencies in both our supply chain and our marketing expenditures as well as transitioning to a new, more agile operating model to enable growth. Under this operating model, our business units are supported by an enabling services organization and a corporate center focused on a few strategic initiatives, policy and governance. The enabling services organization focuses on both simplifying and standardizing key transactional processes and providing support

to business units through global centers of excellence. Certain productivity initiatives included in the April 2017 expansion, primarily related to our enabling services organization, will continue beyond 2020.

The Company has incurred total pretax expenses of $3,929 million related to our productivity and reinvestment program since it commenced. These expenses were recorded in the line items other operating charges and other income (loss) — net in our consolidated statements of income. Refer to Note 19 for the impact these charges had on our operating segments and Corporate. Outside services reported in the table below primarily relate to expenses in connection with legal, outplacement and consulting activities. Other direct costs reported in the table below include, among other items, internal and external costs associated with the development, communication, administration and implementation of these initiatives; accelerated depreciation on certain fixed assets; contract termination fees; and relocation costs.

The following table summarizes the balance of accrued expenses related to these productivity and reinvestment initiatives and the changes in the accrued amounts (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2018				
Accrued balance at beginning of year	$ 190	$ 1	$ 15	$ 206
Costs incurred	164	92	252	508
Payments	(209)	(83)	(211)	(503)
Noncash and exchange	(69) [1]	—	(52)	(121)
Accrued balance at end of year	$ 76	$ 10	$ 4	$ 90
2019				
Accrued balance at beginning of year	$ 76	$ 10	$ 4	$ 90
Costs incurred	36	87	141	264
Payments	(57)	(98)	(119)	(274)
Noncash and exchange	3 [1]	2	(19)	(14)
Accrued balance at end of year	$ 58	$ 1	$ 7	$ 66
2020				
Accrued balance at beginning of year	**$ 58**	**$ 1**	**$ 7**	**$ 66**
Costs incurred	**(12)**	**69**	**42**	**99**
Payments	**(29)**	**(70)**	**(36)**	**(135)**
Noncash and exchange	**(2)**	**—**	**(11)**	**(13)**
Accrued balance at end of year	**$ 15**	**$ —**	**$ 2**	**$ 17**

[1] Includes pension settlement charges. Refer to Note 13.

NOTE 19: OPERATING SEGMENTS

Our organizational structure consists of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Global Ventures and Bottling Investments. Our operating structure also includes Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance; and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

Segment Products and Services

The business of our Company is nonalcoholic beverages. Our geographic operating segments (Europe, Middle East and Africa; Latin America; North America; and Asia Pacific) derive a majority of their revenues from the manufacture and sale of beverage concentrates and syrups and, in some cases, the sale of finished beverages. Our Global Ventures operating segment includes the results of our Costa, innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster. Our Bottling Investments operating segment is composed of our consolidated bottling operations, regardless of the geographic location of the bottler. Our Bottling Investments operating segment also includes equity income from the majority of our equity method investees. Our consolidated bottling operations derive the majority of their revenues from the sale of finished beverages. Generally, finished product operations produce higher net operating revenues but lower gross profit margins compared to concentrate operations. Refer to Note 3.

The following table sets forth the percentage of total net operating revenues attributable to concentrate operations and finished product operations:

Year Ended December 31,	**2020**	2019	2018
Concentrate operations	**56 %**	55 %	58 %
Finished product operations	**44**	45	42
Total	**100 %**	100 %	100 %

Method of Determining Segment Income or Loss

Management evaluates the performance of our operating segments separately to individually monitor the different factors affecting financial performance. Our Company manages income taxes and certain treasury-related items, such as interest income and expense, on a global basis within Corporate. We evaluate segment performance based primarily on net operating revenues and operating income (loss).

Geographic Data

The following table provides information related to our net operating revenues (in millions):

Year Ended December 31,	**2020**	2019	2018
United States	**$ 11,281**	$ 11,715	$ 11,344
International	**21,733**	25,551	22,956
Net operating revenues	**$ 33,014**	$ 37,266	$ 34,300

The following table provides information related to our property, plant and equipment — net (in millions):

Year Ended December 31,	**2020**	2019	2018
United States	**$ 3,988**	$ 4,062	$ 4,154
International	**6,789**	6,776	5,444
Property, plant and equipment — net	**$ 10,777**	$ 10,838	$ 9,598

Information about our Company's operations by operating segment and Corporate as of and for the years ended December 31, 2020, 2019 and 2018 is as follows (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Global Ventures	Bottling Investments	Corporate	Eliminations	Consolidated
2020									
Net operating revenues:									
Third party	**$ 5,534**	**$ 3,499**	**$ 11,473**	**$ 4,213**	**$ 1,991**	**$ 6,258**	**$ 46**	**$ —**	**$ 33,014**
Intersegment	**523**	**—**	**4**	**509**	**—**	**7**	**—**	**(1,043)**	**—**
Total net operating revenues	**6,057**	**3,499**	**11,477**	**4,722**	**1,991**	**6,265**	**46**	**(1,043)**	**33,014**
Operating income (loss)	**3,313**	**2,116**	**2,471**	**2,133**	**(123)**	**308**	**(1,221)**	**—**	**8,997**
Interest income	**—**	**—**	**64**	**—**	**11**	**—**	**295**	**—**	**370**
Interest expense	**—**	**—**	**—**	**—**	**—**	**—**	**1,437**	**—**	**1,437**
Depreciation and amortization	**86**	**45**	**439**	**47**	**122**	**551**	**246**	**—**	**1,536**
Equity income (loss) — net	**31**	**(72)**	**—**	**8**	**(9)**	**779**	**241**	**—**	**978**
Income (loss) before income taxes	**3,379**	**2,001**	**2,500**	**2,158**	**(120)**	**898**	**(1,067)**	**—**	**9,749**
Identifiable operating assets	**8,098** [2]	**1,597**	**19,444**	**2,073** [3]	**7,575**	**10,521** [2,3]	**17,903**	**—**	**67,211**
Investments[1]	**517**	**603**	**345**	**240**	**4**	**14,183**	**4,193**	**—**	**20,085**
Capital expenditures	**27**	**6**	**182**	**20**	**261**	**474**	**207**	**—**	**1,177**
2019									
Net operating revenues:									
Third party	$ 6,434	$ 4,118	$ 11,906	$ 4,723	$ 2,560	$ 7,431	$ 94	$ —	$ 37,266
Intersegment	624	—	9	604	2	9	—	(1,248)	—
Total net operating revenues	7,058	4,118	11,915	5,327	2,562	7,440	94	(1,248)	37,266
Operating income (loss)	3,551	2,375	2,594	2,282	334	358	(1,408)	—	10,086
Interest income	—	—	65	—	12	—	486	—	563
Interest expense	—	—	—	—	—	—	946	—	946
Depreciation and amortization	86	35	439	31	117	446	211	—	1,365
Equity income (loss) — net	35	(32)	(6)	11	(3)	836	208	—	1,049
Income (loss) before income taxes	3,361	2,288	2,592	2,310	343	716	(824)	—	10,786
Identifiable operating assets	8,143 [2]	1,801	17,687	2,060	7,265	11,170 [2]	18,376	—	66,502
Investments[1]	543	716	358	224	14	14,093	3,931	—	19,879
Capital expenditures	108	140	392	47	209	836	322	—	2,054
2018									
Net operating revenues:									
Third party	$ 6,535	$ 3,971	$ 11,370	$ 4,797	$ 767	$ 6,768	$ 92	$ —	$ 34,300
Intersegment	564	39	260	388	3	19	—	(1,273)	—
Total net operating revenues	7,099	4,010	11,630	5,185	770	6,787	92	(1,273)	34,300
Operating income (loss)	3,693	2,318	2,318	2,271	152	(197)	(1,403)	—	9,152
Interest income	—	—	57	—	13	—	619	—	689
Interest expense	—	—	—	—	—	—	950	—	950
Depreciation and amortization	77	30	422	58	8	239	252	—	1,086
Equity income (loss) — net	2	(19)	(2)	12	—	828	187	—	1,008
Income (loss) before income taxes	3,386	2,243	2,345	2,298	165	(159)	(2,053)	—	8,225
Capital expenditures	66	90	429	31	11	517	404	—	1,548

[1] Principally equity method investments and other investments in bottling companies.

[2] Property, plant and equipment — net in South Africa represented 15 percent and 16 percent of consolidated property, plant and equipment — net in 2020 and 2019, respectively.

[3] Property, plant and equipment — net in the Philippines represented 10 percent of consolidated property, plant and equipment — net in 2020.

During 2020, 2019 and 2018, our operating segments and Corporate were impacted by acquisition and divestiture activities. Refer to Note 2.

In 2020, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes for North America were reduced by $160 million related to the impairment of the Odwalla trademark and $33 million related to the cost of discontinuing the Odwalla juice business.
- Operating income (loss) and income (loss) before income taxes were reduced by $145 million and $153 million, respectively, for Corporate, $31 million and $30 million, respectively, for Asia Pacific, $21 million and $26 million, respectively, for Bottling Investments and $19 million and $21 million, respectively, for Latin America due to the Company's strategic realignment initiatives. Additionally, operating income (loss) and income (loss) before income taxes were reduced by $115 million for North America, $78 million for Europe, Middle East and Africa and $4 million for Global Ventures due to the Company's strategic realignment initiatives. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $104 million for Corporate due to the Company's productivity and reinvestment program. Operating income (loss) and income (loss) before income taxes were increased by $5 million for Europe, Middle East and Africa due to the refinement of previously established accruals related to the Company's productivity and reinvestment program. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $59 million and $84 million, respectively, for North America related to the restructuring of our manufacturing operations in the United States.
- Operating income (loss) and income (loss) before income taxes were reduced by $55 million for North America related to the impairment of a trademark. Refer to Note 16.
- Operating income (loss) and income (loss) before income taxes were reduced by $51 million for Corporate related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition. Refer to Note 2.
- Income (loss) before income taxes was increased by $902 million for Corporate in conjunction with our fairlife acquisition, which resulted from the remeasurement of our previously held equity interest in fairlife to fair value. Refer to Note 2.
- Income (loss) before income taxes was increased by $148 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- Income (loss) before income taxes was increased by $18 million for Corporate related to the sale of a portion of our ownership interest in one of our equity method investees.
- Income (loss) before income taxes was increased by $17 million for Corporate related to the sale of our ownership interest in one of our equity method investees.
- Income (loss) before income taxes was reduced by $484 million for Corporate related to charges associated with the extinguishment of certain long-term debt. Refer to Note 10.
- Income (loss) before income taxes was reduced by $252 million for Bottling Investments and $38 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees. Refer to Note 16.
- Income (loss) before income taxes was reduced by $145 million for Bottling Investments, $70 million for Latin America and $1 million for North America due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Income (loss) before income taxes was reduced by $26 million for Corporate due to an impairment charge associated with an investment in an equity security without a readily determinable fair value. Refer to Note 16.

In 2019, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $2 million for Europe, Middle East and Africa, $1 million for Latin America, $62 million for North America, $5 million for Bottling Investments and $194 million for Corporate due to the Company's productivity and reinvestment program. Refer to Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $95 million for Bottling Investments due to costs incurred to refranchise certain of our North America bottling operations.
- Operating income (loss) and income (loss) before income taxes were reduced by $46 million for Corporate related to transaction costs associated with the purchase of Costa, which we acquired in January 2019. Refer to Note 2.
- Operating income (loss) and income (loss) before income taxes were reduced by $42 million for Asia Pacific due to an impairment charge related to a trademark. Refer to Note 16.
- Income (loss) before income taxes was increased by $739 million for Corporate as a result of the sale of a retail and office building in New York City.
- Income (loss) before income taxes was increased by $250 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- Income (loss) before income taxes was increased by $73 million for Bottling Investments due to the refranchising of certain bottling operations in India. Refer to Note 2.
- Income (loss) before income taxes was increased by $39 million for Corporate related to the sale of a portion of our ownership interest in Andina. Refer to Note 2.
- Income (loss) before income taxes was reduced by $406 million for Bottling Investments, $255 million for Europe, Middle East and Africa, $57 million for North America and $49 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees. Refer to Note 16.
- Income (loss) before income taxes was reduced by $160 million for Corporate as a result of CCBA asset adjustments. Refer to Note 2.
- Income (loss) before income taxes was reduced by $118 million for Corporate resulting from a net loss in conjunction with our acquisition of the remaining ownership interest in CHI. Refer to Note 2.
- Income (loss) before income taxes was reduced by $105 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Income (loss) before income taxes was reduced by $98 million for Bottling Investments and $2 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

In 2018, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $4 million for Latin America, $175 million for North America, $31 million for Bottling Investments and $237 million for Corporate, and were increased by $3 million for Europe, Middle East and Africa and $4 million for Asia Pacific due to the Company's productivity and reinvestment program, including refinements to prior period accruals. In addition, income (loss) before income taxes was reduced by $64 million for Corporate and $4 million for Latin America due to pension settlements related to the Company's productivity and reinvestment program. Refer to Note 13 and Note 18.
- Operating income (loss) and income (loss) before income taxes were reduced by $450 million for Bottling Investments due to asset impairment charges.
- Operating income (loss) and income (loss) before income taxes were reduced by $139 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations.
- Operating income (loss) and income (loss) before income taxes were reduced by $33 million for Corporate due to tax litigation expense. Refer to Note 11.

- Operating income (loss) and income (loss) before income taxes were reduced by $19 million for Corporate related to noncapitalizable transaction costs associated with pending and closed transactions.
- Income (loss) before income taxes was increased by $296 million for Corporate related to the sale of our equity ownership in Lindley. Refer to Note 2.

- Income (loss) before income taxes was increased by $47 million for Corporate related to the refranchising of our Latin American bottling operations. Refer to Note 2.
- Income (loss) before income taxes was increased by $27 million for Corporate related to a net gain on the extinguishment of certain long-term debt. Refer to Note 10.
- Income (loss) before income taxes was reduced by $554 million for Corporate as a result of an impairment charge related to assets held by CCBA. Refer to Note 2.
- Income (loss) before income taxes was reduced by $476 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Income (loss) before income taxes was reduced by $334 million for Europe, Middle East and Africa, $205 million for Bottling Investments and $52 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees.
- Income (loss) before income taxes was reduced by $278 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- Income (loss) before income taxes was reduced by $124 million for Bottling Investments and was increased by $13 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Income (loss) before income taxes was reduced by $149 million for Bottling Investments due to pension settlements related to the refranchising of certain of our North America bottling operations. Refer to Note 13.
- Income (loss) before income taxes was reduced by $79 million for Corporate related to economic hedging activity associated with the purchase of Costa, which we acquired in January 2019.
- Income (loss) before income taxes was reduced by $34 million for North America primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single new form of bottling agreement with additional requirements. Refer to Note 2.
- Income (loss) before income taxes was reduced by $33 million for Bottling Investments primarily due to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations.
- Income (loss) before income taxes was reduced by $32 million for Corporate related to acquiring a controlling interest in the Philippine bottling operations. Refer to Note 2.

NOTE 20: NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided by (used in) operating activities attributable to the net change in operating assets and liabilities was composed of the following (in millions):

Year Ended December 31,	**2020**	2019	2018
(Increase) decrease in trade accounts receivable[1]	**$ 882**	$ (158)	$ 27
(Increase) decrease in inventories	**99**	(183)	(203)
(Increase) decrease in prepaid expenses and other assets	**78**	(87)	(221)
Increase (decrease) in accounts payable and accrued expenses[2]	**(860)**	1,318	(251)
Increase (decrease) in accrued income taxes	**(16)**	96	(17)
Increase (decrease) in other liabilities[3]	**507**	(620)	(575)
Net change in operating assets and liabilities	**$ 690**	$ 366	$ (1,240)

[1] The decrease in trade accounts receivable in 2020 was primarily due to the impacts of the COVID-19 pandemic and the start of a trade accounts receivable factoring program. Refer to Note 1 for additional information on the factoring program.

[2] The decrease in accounts payable and accrued expenses in 2020 was primarily driven by the impacts of the COVID-19 pandemic and incentive payments related to prior year exceeding current year incentive accruals. The increase in accounts payable and accrued expenses in 2019 was primarily due to extending payment terms with our suppliers.

[3] The increase in other liabilities in 2020 was primarily due to the increase in tax reserves related to IRS litigation. Refer to Note 11.

REPORT OF MANAGEMENT

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with accounting principles generally accepted in the United States appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this report is consistent with that in the financial statements.

Management of the Company is responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel, and a written Code of Business Conduct adopted by our Company's Board of Directors, applicable to all officers and employees of our Company and subsidiaries. In addition, our Company's Board of Directors adopted a written Code of Business Conduct for Non-Employee Directors which reflects the same principles and values as our Code of Business Conduct for officers and employees but focuses on matters of relevance to non-employee Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"). Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") in *Internal Control—Integrated Framework*. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2020.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's Board of Directors, subject to ratification by our Company's shareowners. Ernst & Young LLP has audited and reported on the consolidated financial statements of The Coca-Cola Company and subsidiaries and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this report.

Audit Committee's Responsibility

The Audit Committee of our Company's Board of Directors, composed solely of Directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act, and the Company's Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal controls along with auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in the Company's 2021 Proxy Statement.

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James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
February 25, 2021

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Kathy Loveless
Vice President and Controller
February 25, 2021

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John Murphy
Executive Vice President and Chief Financial Officer
February 25, 2021

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Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
February 25, 2021

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for uncertain tax positions

Description of the Matter	As described in Note 11 and Note 14 to the consolidated financial statements, the Company is involved in various income tax matters for which the ultimate outcomes are uncertain. As of December 31, 2020, the gross amount of unrecognized tax benefits was $915 million. As described in Note 11, on September 17, 2015 the Company received a Statutory Notice of Deficiency from the Internal Revenue Service for the tax years 2007 through 2009 in the amount of $3.3 billion for the period, plus interest. On November 18, 2020, the U.S. Tax Court issued an opinion predominantly siding with the IRS related to the Company's transfer pricing between its U.S. parent company and certain of its foreign affiliates for tax years 2007 through 2009. While the Company continues to disagree with the IRS positions and the portions of the opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS could ultimately be upheld. As a result of the application of ASC 740, Accounting for Income Taxes, the Company recorded a tax reserve of $438 million for this matter for the year ended December 31, 2020. Auditing management's evaluation of uncertain tax positions, including the uncertain tax position associated with the IRS notice and opinion, was especially challenging due to the level of subjectivity and significant judgment associated with the recognition and measurement of the tax positions that are more likely than not to be sustained. We obtained an understanding, evaluated the design, and tested the effectiveness of controls over the Company's accounting process for uncertain tax positions. Our procedures included testing controls addressing the completeness of uncertain tax positions, controls relating to the identification and recognition of the uncertain tax positions, controls over the measurement of the unrecognized tax benefit, and controls over the identification of developments related to existing uncertain tax positions.

How We Addressed the Matter in Our Audit

Our audit procedures included, among others, evaluating the assumptions the Company used to assess its uncertain tax positions and related unrecognized tax benefit amounts by jurisdiction. We also tested the completeness and accuracy of the underlying data used in the identification and measurement of uncertain tax positions. We evaluated evidence of management's assessment of the opinion, including inquiries of tax counsel, inspection of technical memos, and written representations of management. We involved professionals with specialized skill and knowledge to assist in our evaluation of the tax technical merits of the Company's assessment, including the assessment of whether the tax positions are more likely than not to be sustained, the amount of the potential benefits to be realized, and the application of relevant tax law. We also assessed the Company's disclosure of uncertain tax positions included in Note 11 and Note 14.

Valuation of trademarks with indefinite lives and goodwill

Description of the Matter

As described in Note 1 of the Company's consolidated financial statements, the Company performs an annual impairment assessment of its indefinite-lived intangible assets, including trademarks with indefinite lives and goodwill, or more frequently if events or circumstances indicate that assets might be impaired. Each impairment assessment may be qualitative or quantitative. Trademarks with indefinite lives and goodwill were $10.4 billion and $17.5 billion, respectively, at December 31, 2020.

Auditing the valuation of trademarks with indefinite lives and reporting units with goodwill involved complex judgment due to the significant estimation required in determining the fair value of the trademarks with indefinite lives and related reporting units with goodwill, respectively. Specifically, the fair value estimates were sensitive to significant assumptions about future market and economic conditions. Significant assumptions used in the Company's fair value estimates included sales volume, pricing, royalty rates, cost of raw materials, inflation, cost of capital, marketing spending, foreign currency exchange rates, and tax rates, as applicable.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's annual impairment assessments for trademarks with indefinite lives and reporting units with goodwill. For example, we tested management's risk assessment process to determine whether to perform a quantitative or qualitative assessment and management's review controls over the valuation models and underlying assumptions used to develop such estimates. For impairment assessments of reporting units with goodwill, we also tested controls over the determination of the carrying value of the reporting units. We tested the estimated fair values of the trademarks with indefinite lives and reporting units with goodwill based on our risk assessments. Our audit procedures included, among others, comparing significant judgmental inputs to observable third party and industry sources, considering other observable market transactions, and evaluating the reasonableness of management's projected financial information by comparing to third party industry projections, third party economic growth projections, and other internal and external data. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of the trademarks with indefinite lives and reporting units with goodwill and also assessed the historical accuracy of management's estimates. In addition, we involved specialists to assist in our evaluation of certain significant assumptions used in the Company's discounted cash flow analyses. We also assessed the Company's disclosure of its annual impairment assessments included in Note 1.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1921.

Atlanta, Georgia
February 25, 2021

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on Internal Control over Financial Reporting

We have audited The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Coca-Cola Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020.

Report of Management on Internal Control Over Financial Reporting and Attestation Report of Independent Registered Public Accounting Firm

The report of management on our internal control over financial reporting as of December 31, 2020 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, "Item 8. Financial Statements and Supplementary Data" in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information with respect to Directors under the subheadings "Item 1 Election of Directors," "Board Membership Criteria," "Director Nomination Process," and "Biographical Information About Our Director Nominees" under the principal heading "Governance," the information regarding the Codes of Business Conduct under the subheading "Additional Governance Matters" under the principal heading "Governance," and the information regarding the Audit Committee under the subheading "Board and Committee Governance" under the principal heading "Governance" in the Company's 2021 Proxy Statement is incorporated herein by reference. See Item X in Part I of this report for information regarding executive officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The information under the subheading "Director Compensation" under the principal heading "Governance" and the information under the subheadings "Compensation Discussion and Analysis," "Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," "Compensation Tables," "Payments on Termination or Change in Control" and "Pay Ratio Disclosure" under the principal heading "Compensation" and the information under the subheading "Annex B - Summary of Plans" under the principal heading "Annexes" in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" and the information under the subheading "Ownership of Equity Securities of the Company" under

the principal heading "Share Ownership" in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the subheading "Director Independence and Related Person Transactions" under the principal heading

"Governance" in the Company's 2021 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors under the subheading "Item 3 Ratification of the Appointment of Ernst & Young LLP as Independent Auditors" under the principal heading "Audit Matters" in the Company's 2021 Proxy Statement is incorporated herein by reference.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements:

Consolidated Statements of Income — Years Ended December 31, 2020, 2019 and 2018.

Consolidated Statements of Comprehensive Income — Years Ended December 31, 2020, 2019 and 2018.

Consolidated Balance Sheets — December 31, 2020 and 2019.

Consolidated Statements of Cash Flows — Years Ended December 31, 2020, 2019 and 2018.

Consolidated Statements of Shareowners' Equity — Years Ended December 31, 2020, 2019 and 2018.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.

2. Financial Statement Schedules:

The schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission ("SEC") are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits:

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations, warranties, covenants and conditions by or of each of the parties to the applicable agreement. These representations, warranties, covenants and conditions have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

EXHIBIT INDEX

(With regard to applicable cross-references in the list of exhibits below, the Company's Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission (the "SEC") under File No. 001-02217; and Coca-Cola Refreshments USA, Inc.'s (formerly known as Coca-Cola Enterprises Inc.) Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-09300).

3.1	Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, dated July 27, 2012 — incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.
3.2	By-Laws of the Company, as amended and restated through April 22, 2020 — incorporated herein by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.
4.1	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.
4.3	Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.4	First Supplemental Indenture, dated as of February 24, 1992, to Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.5	Second Supplemental Indenture, dated as of November 1, 2007, to Amended and Restated Indenture, dated as of April 26, 1988, as amended, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.6	Form of Note for 2.500% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 5, 2013.
4.7	Form of Note for 3.200% Notes due 2023 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.8	Form of Note for 1.875% Notes due 2026 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 19, 2014.
4.9	Form of Note for 0.75% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.10	Form of Note for 1.125% Notes due 2027 — incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.11	Form of Note for 1.625% Notes due 2035 — incorporated herein by reference to Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.12	Form of Note for 2.875% Notes due 2025 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.13	Form of Note for 2.55% Notes due 2026 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 31, 2016.
4.14	Form of Note for 2.250% Notes due 2026 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 1, 2016.
4.15	Form of Note for 1.100% Notes due 2036 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 2, 2016.
4.16	Form of Note for 0.500% Notes due 2024 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.17	Form of Note for 2.900% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.18	Form of Note for 1.750% Notes due 2024 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September, 9, 2019.
4.19	Form of Note for 2.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 9, 2019.

4.20	Form of Note for 2.950% Notes due 2025 — incorporated herein by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K filed on March 25, 2020.
4.21	Form of Note for 3.375% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.22	Form of Note for 3.450% Notes due 2030 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.23	Form of Note for 4.125% Notes due 2040 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.24	Form of Note for 4.200% Notes due 2050 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on March 25, 2020.
4.25	Form of Note for 1.450% Notes due 2027 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.26	Form of Note for 1.650% Notes due 2030 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.27	Form of Note for 2.500% Notes due 2040 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.28	Form of Note for 2.600% Notes due 2050 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.29	Form of Note for 2.750% Notes due 2060 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on May 4, 2020.
4.30	Form of Note for 0.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.31	Form of Note for 0.375% Notes due 2033 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.32	Form of Note for 0.800% Notes due 2040 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.33	Form of Note for 1.000% Notes due 2028 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.34	Form of Note for 1.375% Notes due 2031 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.35	Form of Note for 2.500% Notes due 2051 — incorporated herein by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on September 18, 2020.
4.36	Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated July 30, 1991.
4.37	First Supplemental Indenture, dated as of January 29, 1992, to the Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee —incorporated herein by reference to Exhibit 4.01 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated January 29, 1992.
4.38	Second Supplemental Indenture, dated as of June 22, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated June 23, 2017.
4.39	Third Supplemental Indenture, dated as of July 5, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 6, 2017.
10.1	The Coca-Cola Company Performance Incentive Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.2	The Coca-Cola Company 1999 Stock Option Plan, as amended and restated through February 20, 2013 (the "1999 Stock Option Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.2.1	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 18, 2009.*

10.3	The Coca-Cola Company 2008 Stock Option Plan, as amended and restated, effective February 20, 2013 (the "2008 Stock Option Plan") — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.3.1	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3.2	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 19, 2014— incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.4	The Coca-Cola Company 1983 Restricted Stock Award Plan, as amended and restated through February 16, 2011 (the "1983 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2011.*
10.5	The Coca-Cola Company 1989 Restricted Stock Award Plan, as amended and restated through February 19, 2014 (the "1989 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5.1	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.2	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.3	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.4	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.5	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5.6	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.6	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.1	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.2	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.3	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.4	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.5	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.6	Form of Performance Share Agreement — Alternate for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.7	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 17, 2016.*

10.6.8	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.9	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.10	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 —incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.11	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.12	Form of Restricted Stock Unit Agreement-Retention Award for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.13	Clawback Policy for Awards under The Coca-Cola Company Performance Incentive Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.14	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*.
10.6.15	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.6.16	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.6.17	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.6.18	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.6.19	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.6.20	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 19, 2020 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.6.21	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 19, 2020 —incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.6.22	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 19, 2020 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.6.23	Performance Incentive Plan of The Coca-Cola Company, as amended and restated as of January 1, 2021 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2020.*
10.6.24	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of January 1, 2021 — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on December 8, 2020.*
10.7	The Coca-Cola Company Compensation Deferral & Investment Program of the Company, as amended (the "Compensation Deferral & Investment Program"), including Amendments Number One, Two, Three and Four, dated November 28, 1995 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.*
10.7.1	Amendment Number Five to the Compensation Deferral & Investment Program, effective as of January 1, 1998 — incorporated herein by reference to Exhibit 10.8.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.*

10.7.2	Amendment Number Six to the Compensation Deferral & Investment Program, dated as of January 12, 2004, effective January 1, 2004 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.*
10.8	The Coca-Cola Company Supplemental Pension Plan, amended and restated effective January 1, 2010 (the "Supplemental Pension Plan") — incorporated herein by reference to Exhibit 10.10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.8.1	Amendment One to The Coca-Cola Company Supplemental Pension Plan, effective December 31, 2012, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.8.2	Amendment Two to The Coca-Cola Company Supplemental Pension Plan, effective April 1, 2013, dated March 19, 2013 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*
10.8.3	Amendment Three to The Coca-Cola Company Supplemental Pension Plan, effective January 1, 2010, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.8.4	Amendment Four to The Coca-Cola Company Supplemental Pension Plan, effective June 1, 2017, dated June 29, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.8.5	Amendment Five to The Coca-Cola Company Supplemental Pension Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.8.6	Amendment Six to The Coca-Cola Company Supplemental Pension Plan, dated December 9, 2020.*
10.9	The Coca-Cola Company Supplemental 401(k) Plan (f/k/a the Supplemental Thrift Plan of the Company), amended and restated effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.9.1	Amendment One to The Coca-Cola Company Supplemental 401(k) Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.9.2	Amendment Two to The Coca-Company Supplemental 401(k) Plan, dated December 9, 2020.*
10.11	The Coca-Cola Company Supplemental Cash Balance Plan, effective January 1, 2012 (the "Supplemental Cash Balance Plan") — incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.11.1	Amendment One to the Supplemental Cash Balance Plan, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.12.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.11.2	Amendment Two to the Supplemental Cash Balance Plan, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.11.3	Amendment Three to the Supplemental Cash Balance Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.11.4	Amendment Four to the Supplemental Cash Balance Plan, dated December 9, 2020.*
10.12	The Coca-Cola Company Directors' Plan, amended and restated on December 13, 2012, effective January 1, 2013 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.12.1	The Coca-Cola Company Directors' Plan, amended and restated on February 21, 2019, effective April 24, 2019 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2019.*
10.12.2	The Coca-Cola Company Directors' Plan, amended and restated on October 17, 2019, effective January 1, 2020 — incorporated herein by reference to Exhibit 10.11.2 to the Company's Annual Report on form 10-K for the year ended December 31, 2020.*
10.13	Deferred Compensation Plan of the Company, as amended and restated December 8, 2010 — incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.*
10.13.1	Amendment Number One to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, effective January 1, 2016 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*

10.13.2	Amendment Number Two to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, dated October 24, 2016 — incorporated herein by reference to Exhibit 10.13.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.14	The Coca-Cola Export Corporation Employee Share Plan, effective as of March 13, 2002 — incorporated herein by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.*
10.15	The Coca-Cola Company Benefits Plan for Members of the Board of Directors, as amended and restated through April 14, 2004 (the "Benefits Plan for Members of the Board of Directors") — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.*
10.15.1	Amendment Number One to the Benefits Plan for Members of the Board of Directors, dated December 16, 2005 — incorporated herein by reference to Exhibit 10.31.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005.*
10.16	The Coca-Cola Company Severance Pay Plan, as amended and restated, effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.16.1	Amendment One to The Coca-Cola Company Severance Pay Plan, effective January 1, 2016, dated December 16, 2015 — incorporated herein by reference to Exhibit 10.16.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.16.2	Amendment Two to The Coca-Cola Company Severance Pay Plan, effective April 1, 2017, dated March 10, 2017 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.16.3	Amendment Three to The Coca-Cola Company Severance Pay Plan, as amended and restated, effective January 1, 2012, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.16.4	The Coca-Cola Company Severance Pay Plan, as amended and restated effective January 1, 2020 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.16.5	Amendment One to The Coca-Cola Company Severance Pay Plan, as amended and restated effective, January 1, 2020, dated May 29, 2020 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 26, 2020.*
10.16.6	Amendment Two to The Coca-Cola Company Severance Pay Plan, as amended and restated effective January 1, 2020, dated December 9, 2020.*
10.17	Order Instituting Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 — incorporated herein by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.18	Offer of Settlement of The Coca-Cola Company — incorporated herein by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.19	Letter, dated July 17, 2008, to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2008.*
10.19.1	Letter, dated April 27, 2017, from the Company to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.20	Letter of Understanding between the Company and Ceree Eberly, dated October 26, 2009, including Agreement on Confidentiality, Non-Competition and Non-Solicitation, dated November 1, 2009 — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.20.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Ceree Eberly, dated March 15, 2017, accepted April 20, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.21	The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007 — incorporated herein by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.*
10.21.1	Amendment Number One to The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007, dated September 29, 2011 — incorporated herein by reference to Exhibit 10.34.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*

10.21.2	Amendment Number Two to The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007, dated November 14, 2011 — incorporated herein by reference to Exhibit 10.34.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.21.3	Amendment Number Three to The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.*
10.21.4	Amendment Number Four to The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007, dated November 18, 2014 — incorporated herein by reference to Exhibit 10.21.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.22	The Coca-Cola Export Corporation International Thrift Plan, as amended and restated, effective January 1, 2011 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2011.*
10.22.1	Amendment Number One to The Coca-Cola Export Corporation International Thrift Plan, as amended and restated, effective January 1, 2011, dated September 20, 2011 — incorporated herein by reference to Exhibit 10.35.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.22.2	Amendment Number Two to The Coca-Cola Export Corporation International Thrift Plan, as amended and restated, effective January 1, 2011, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.*
10.23	The Coca-Cola Export Corporation Mobile Employees Retirement Plan, effective January 1, 2012 — incorporated herein by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.24	Letter Agreement, dated as of June 7, 2010, between The Coca-Cola Company and Dr Pepper/Seven Up, Inc. — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.25	Letter, dated May 18, 2016, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.25.1	Letter, dated October 18, 2018, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.26	Letter, dated September 11, 2012, from the Company to Nathan Kalumbu — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.27	Separation Agreement between Coca-Cola Pazarlama and Nathan Kalumbu, dated July 1, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.28	Letter, dated December 16, 2013, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.*
10.28.1	Letter, dated April 29, 2015, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.28.2	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between The Coca-Cola Company and Irial Finan, dated December 7, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2017.*
10.29	Letter, dated April 24, 2014, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2014.*
10.29.1	Letter, dated March 22, 2017, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.29.2	Letter, dated October 17, 2018, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.30	Letter, dated October 15, 2014, from the Company to Atul Singh — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.31	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between Coca-Cola India, Inc. and Atul Singh, dated effective July 29, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.*
10.32	Letter, dated December 16, 2014, from the Company to Marcos de Quinto — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*

10.32.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Marcos de Quinto, dated March 20, 2017 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.33	Letter, dated February 19, 2015, from the Company to Ed Hays — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2015.*
10.34	Letter, dated February 18, 2016, from the Company to Julie Hamilton — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*
10.35	Letter, dated August 12, 2015, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 13, 2015.*
10.35.1	Letter, dated April 27, 2017, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.36	Letter, dated October 14, 2015, from the Company to Bernhard Goepelt — incorporated herein by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.36.1	Letter, dated December 13, 2019, from the Company to Bernhard Goepelt — incorporated herein by reference to Exhibit 10.35.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 .*
10.37	Letter, dated February 17, 2016, from the Company to Charles Brent Hastie — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*
10.38	Letter, dated May 18, 2016, from the Company to Mario Alfredo Rivera Garcia — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.39	Letter, dated October 19, 2016, from the Company to Barry Simpson — incorporated herein by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.40	Letter, dated October 26, 2016, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.40.1	Letter, dated October 18, 2018, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.41	Letter, dated March 22, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.41.1	Deferred Cash Agreement, dated December 7, 2016, between Servicios Integrados de Administracion y Alta Gerencia, Sociedad de Responsabilidad Limitada de Capital Variable and Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.47.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.41.2	Letter, dated June 5, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.41.3	Letter, dated February 14, 2018, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.41.4	Letter, dated November 18, 2019, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.40.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.*
10.42	Letter, dated March 22, 2017, from the Company to Beatriz R. Perez — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.43	Letter, dated March 22, 2017, from the Company to Jennifer K. Mann — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.43.1	Letter, dated December 11, 2019, from the Company to Jennifer K. Mann — incorporated herein by reference to Exhibit 10.42.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.*
10.44	Letter, dated March 24, 2017, from the Company to Robert E. Long — incorporated herein by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.45	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Clyde Tuggle dated March 13, 2017, accepted April 24, 2017 — incorporated herein by reference to Exhibit 10.6 to the Company's

10.46	Letter, dated April 27, 2017, from the Company to Mark Randazza — incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.47	Letter, dated October 23, 2017, from the Company to James Dinkins — incorporated herein by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.*
10.47.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and James Dinkins, dated August 20, 2020 — incorporated herein by reference to the Company's Current Report on Form 8-K filed on August 24, 2020.*
10.48	Letter, dated October 17, 2018, from the Company to Manuel Arroyo — incorporated herein by reference to Exhibit 10.54 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.*
10.49	Letter, dated October 17, 2018, from the Company to Nikolaos Koumettis, as further supplemented by Letter, dated February 1, 2019 — incorporated herein by reference to Exhibit 10.55 to the Company's Current Report on Form 10-K for the year ended December 31, 2018.*
10.50	Letter, dated October 18, 2018, from the Company to Nancy Quan — incorporated herein by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.*
10.51	Letter, dated February 14, 2019, from the Company to Lisa Chang — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.52	Letter, dated February 19, 2020, from the Company to Kathy Loveless — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.*
10.53	Letter, dated July 15, 2020, from the Company to Bradley Gayton — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 25, 2020.*
10.54	Letter, dated September 14, 2020, from the Company to Henrique Braun — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 25, 2020.*
21.1	List of subsidiaries of the Company as of December 31, 2020.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney of Officers and Directors signing this report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by James R. Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
32.1	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 James R. Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company, and by John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
101	The following financial information from The Coca-Cola Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended December 31, 2020, 2019 and 2018, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2020, 2019 and 2018, (iii) Consolidated Balance Sheets as of December 31, 2020 and 2019, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018, (v) Consolidated Statements of Shareowners' Equity for the years ended December 31, 2020, 2019 and 2018, and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the iXBRL document).

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

Signatures

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

THE COCA-COLA COMPANY
(Registrant)

By: /s/ JAMES QUINCEY
James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer

Date: February 25, 2021

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

/s/ JAMES QUINCEY
James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

February 25, 2021

/s/ JOHN MURPHY
John Murphy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

February 25, 2021

/s/ KATHY LOVELESS
Kathy Loveless
Vice President and Controller
(On behalf of the Registrant)

February 25, 2021

/s/ MARK RANDAZZA
Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
(Principal Accounting Officer)

February 25, 2021

*
Herbert A. Allen
Director

February 25, 2021

*
Christopher C. Davis
Director

February 25, 2021

*
Marc Bolland
Director

February 25, 2021

*
Barry Diller
Director

February 25, 2021

*
Ana Botín
Director

February 25, 2021

*
Helene D. Gayle
Director

February 25, 2021

*

Alexis M. Herman
Director

February 25, 2021

*

Caroline J. Tsay
Director

February 25, 2021

*

Robert A. Kotick
Director

February 25, 2021

*

David B. Weinberg
Director

February 25, 2021

*

Maria Elena Lagomasino
Director

February 25, 2021

*By: /s/ JENNIFER MANNING

Jennifer Manning
Attorney-in-fact

February 25, 2021

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019
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 Number 001-02217

cocacolaa54.jpg

(Exact name of Registrant as specified in its charter)

Delaware	**58-0628465**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
One Coca-Cola Plaza	
Atlanta, Georgia	**30313**

(Address of principal executive offices) (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.25 Par Value	KO	New York Stock Exchange
0.000% Notes Due 2021	KO21B	New York Stock Exchange
Floating Rate Notes Due 2021	KO21C	New York Stock Exchange
1.125% Notes Due 2022	KO22	New York Stock Exchange
0.125% Notes Due 2022	KO22B	New York Stock Exchange
0.75% Notes Due 2023	KO23B	New York Stock Exchange
0.500% Notes Due 2024	KO24	New York Stock Exchange
1.875% Notes Due 2026	KO26	New York Stock Exchange
0.750% Notes Due 2026	KO26C	New York Stock Exchange
1.125% Notes Due 2027	KO27	New York Stock Exchange
1.250% Notes Due 2031	KO31	New York Stock Exchange
1.625% Notes Due 2035	KO35	New York Stock Exchange
1.100% Notes Due 2036	KO36	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and Directors are "affiliates" of the Registrant) as of June 28, 2019, the last business day of the Registrant's most recently completed second fiscal quarter, was $215,914,430,571 (based on the closing sale price of the Registrant's Common Stock on that date as reported on the New York Stock Exchange).

The number of shares outstanding of the Registrant's Common Stock as of February 19, 2020 was 4,290,276,067.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the Annual Meeting of Shareowners to be held on April 22, 2020 are incorporated by reference in Part III.

THE COCA-COLA COMPANY AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that 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 views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause our Company's actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, "Item 1A. Risk Factors" and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission.

Part I

ITEM 1. BUSINESS

In this report, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

General

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for 2.0 billion of the approximately 61 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our objective is to execute our growth strategy centered around disciplined portfolio growth; an aligned and engaged bottling system; and winning with our stakeholders — all supported by revenue growth management and brand-building initiatives — to become more competitive and to accelerate growth in a manner that creates value for our shareowners.

We were incorporated in September 1919 under the laws of the State of Delaware and succeeded to the business of a Georgia corporation with the same name that had been organized in 1892.

Operating Segments

The Company's operating structure is the basis for our internal financial reporting. Our operating structure includes the following operating segments, which are sometimes referred to as "operating groups" or "groups":

- Europe, Middle East and Africa
- Latin America
- North America

- Asia Pacific
- Global Ventures
- Bottling Investments

Our operating structure also includes Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance; and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

For additional information about our operating segments and Corporate, refer to Note 21 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report.

Except to the extent that differences among operating segments are material to an understanding of our business taken as a whole, the description of our business in this report is presented on a consolidated basis.

Products and Brands

As used in this report:

- "concentrates" means flavorings and other ingredients which, when combined with water and, depending on the product, sweeteners (nutritive or non-nutritive) are used to prepare syrups or finished beverages, and includes minerals and other powders for purified water products;

- "syrups" means an intermediate product in the beverage manufacturing process produced by combining concentrates with water and, depending on the product, sweeteners (nutritive or non-nutritive);

- "fountain syrups" means syrups that are sold to fountain retailers, such as restaurants and convenience stores, which use dispensing equipment to mix the syrups with sparkling or still water at the time of purchase to produce finished beverages that are served in cups or glasses for immediate consumption;

- "Company Trademark Beverages" means beverages bearing our trademarks and certain other beverage products bearing trademarks licensed to us by third parties for which we provide marketing support and from the sale of which we derive economic benefit; and

- "Trademark Coca-Cola Beverages" or "Trademark Coca-Cola" means beverages bearing the trademark Coca-Cola or any trademark that includes Coca-Cola or Coke (that is, Coca-Cola, Coca-Cola Life, Diet Coke/Coca-Cola Light and Coca-Cola Zero Sugar and all their variations and any line extensions, including caffeine free Diet Coke, Cherry Coke, etc.). Likewise, when we use the capitalized word "Trademark" together with the name of one of our other beverage products (such as "Trademark Fanta," "Trademark Sprite" or "Trademark Simply"), we mean beverages bearing the indicated trademark (that is, Fanta, Sprite or Simply, respectively) and all its variations and line extensions (such that "Trademark Fanta" includes Fanta Orange, Fanta Zero Orange, Fanta Apple, etc.; "Trademark Sprite" includes Sprite, Diet Sprite, Sprite Zero, Sprite Light, etc.; and "Trademark Simply" includes Simply Orange, Simply Apple, Simply Grapefruit, etc.).

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our domestic and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with sweeteners (depending on the product), still water or sparkling water, or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers

who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers. These operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product

operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

For information regarding net operating revenues and unit case volume related to our concentrate operations and finished product operations, refer to the heading "Our Business — General" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

For information regarding how we measure the volume of Company beverage products sold by the Company and our bottling partners ("Coca-Cola system"), refer to the heading "Operations Review — Beverage Volume" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

We own and market numerous valuable nonalcoholic beverage brands, including the following:

- **sparkling soft drinks**: Coca-Cola, Diet Coke/Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Fresca, Schweppes,* Sprite, Thums Up;

- **water, enhanced water and sports drinks**: Aquarius, Ciel, Dasani, glacéau smartwater, glacéau vitaminwater, Ice Dew, I LOHAS, Powerade, Topo Chico;

- **juice, dairy and plant-based beverages**: AdeS, Del Valle, fairlife, innocent, Minute Maid, Minute Maid Pulpy, Simply, ZICO; and

- **tea and coffee**: Ayataka, Costa, doğadan, FUZE TEA, Georgia, Gold Peak, HONEST TEA, Kochakaden.

* Schweppes is owned by the Company in certain countries other than the United States.

In addition to the beverage brands we own, we also provide marketing support and otherwise participate in the sales of other nonalcoholic beverage brands through licenses, joint ventures and strategic partnerships, including, but not limited to, the following:

- Certain Coca-Cola system bottlers distribute certain brands of Monster Beverage Corporation ("Monster"), primarily Monster Energy, in designated territories in the United States, Canada and other international territories pursuant to distribution coordination agreements between the Company and Monster and related distribution agreements between Monster and Coca-Cola system bottlers.

- We have a strategic partnership with Aujan Industries Company J.S.C. ("Aujan"), one of the largest independent beverage companies in the Middle East. We own 50 percent of the entity that holds the rights in certain territories to brands produced and distributed by Aujan, including Rani, a juice brand, and Barbican, a flavored malt beverage brand.

Consumer demand determines the optimal menu of Company product offerings. Consumer demand can vary from one market to another and can change over time within a single market. Employing our business strategy, our Company seeks to further build its existing brands and, at the same time, to broaden its portfolio of brands, products and services in order to create and satisfy consumer demand in every market.

Distribution System

We make our branded beverage products available to consumers in more than 200 countries and territories through our network of independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Consumers enjoy finished beverage products bearing trademarks owned by or licensed to us at a rate of 2.0 billion servings each day. Our strong and stable bottling and distribution system helps us to capture growth by manufacturing, distributing and selling existing, enhanced and new innovative products to consumers throughout the world.

The Coca-Cola system sold 30.3 billion, 29.6 billion and 29.2 billion unit cases of our products in 2019, 2018 and 2017, respectively. Sparkling soft drinks represented 69 percent of our worldwide unit case volume for each of 2019, 2018 and 2017. Trademark Coca-Cola accounted for 45 percent of our worldwide unit case volume for each of 2019, 2018 and 2017.

In 2019, unit case volume in the United States represented 18 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 62 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume.

Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume for 2019. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and India, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 70 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 46 percent of non-U.S. unit case volume.

Our five largest independent bottling partners based on unit case volume in 2019 were:

- Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), which has bottling and distribution operations in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (nationwide), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul, the state of Paraná, the state of Santa Catarina, part of the state of Rio Grande do Sul, part of the state of Goiás, part of the state of Rio de Janeiro and part of the state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and Uruguay (nationwide);

- Coca-Cola European Partners plc ("CCEP"), which has bottling and distribution operations in Andorra, Belgium, continental France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden;

- Coca-Cola HBC AG ("Coca-Cola Hellenic"), which has bottling and distribution operations in Armenia, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Moldova, Montenegro, Nigeria, North Macedonia, Northern Ireland, Poland, Republic of Ireland, Romania, the Russian Federation, Serbia, Slovakia, Slovenia, Switzerland and Ukraine;

- Arca Continental, S.A.B. de C.V., which has bottling and distribution operations in northern and western Mexico, northern Argentina, Ecuador, Peru, and the state of Texas and parts of the states of New Mexico, Oklahoma and Arkansas in the United States; and

- Swire Beverages, which has bottling and distribution operations in 11 provinces and the Shanghai Municipality in the eastern and southern areas of mainland China, Hong Kong, Taiwan, and territories in 13 states in the western United States.

In 2019, these five bottling partners combined represented 40 percent of our total unit case volume.

Being a bottler does not create a legal partnership or joint venture between us and our bottlers. Our bottlers are independent contractors and are not our agents.

Bottler's Agreements

We have separate contracts, to which we generally refer as "bottler's agreements," with our bottling partners regarding the manufacture and sale of Company products. Subject to specified terms and conditions and certain variations, the bottler's agreements generally authorize the bottlers to prepare, package, distribute and sell Company Trademark Beverages in authorized containers in (but, subject to applicable local law, generally only in) an identified territory. The bottler is obligated to purchase its entire requirement of concentrates or syrups for the designated Company Trademark Beverages from the Company or Company-authorized suppliers. We typically agree to refrain from selling or distributing, or from authorizing third parties to sell or distribute, the designated Company Trademark Beverages throughout the identified territory in the particular authorized containers; however, we typically reserve for ourselves or our designee the right (1) to prepare and package such Company Trademark Beverages in such containers in the territory for sale outside the territory; (2) to prepare, package, distribute and sell such Company Trademark Beverages in the territory in any other manner or form (territorial restrictions on bottlers vary in some cases in accordance with local law); and (3) to handle certain key accounts (accounts that cover multiple territories).

While under most of our bottler's agreements we generally have complete flexibility to determine the price and other terms of sale of the concentrates and syrups we sell to our bottlers, as a practical matter, our Company's ability to exercise its contractual flexibility to determine the price and other terms of sale of concentrates and syrups is subject, both outside and within the United States, to competitive market conditions. In addition, in some instances we have agreed or may in the future agree with a bottler with respect to concentrate pricing on a prospective basis for specified time periods. Also, in most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always

changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products are sold and package mix.

As further discussed below, our bottler's agreements for territories outside the United States differ in some respects from our bottler's agreements for territories within the United States.

Bottler's Agreements Outside the United States

Bottler's agreements between us and our authorized bottlers outside the United States generally are of stated duration, subject in some cases to possible extensions or renewals. Generally, these bottler's agreements are subject to termination by the Company following the occurrence of certain designated events, including defined events of default and certain changes in ownership or control of the bottlers. Most of the bottler's agreements in force between us and bottlers outside the United States authorize the bottlers to manufacture and distribute fountain syrups, usually on a nonexclusive basis.

In certain parts of the world outside the United States, we have not granted comprehensive beverage production and distribution rights to the bottlers. In such instances, we have authorized certain bottlers to (1) prepare and package Company Trademark Beverages for sale to other bottlers or (2) purchase Company Trademark Beverages from other bottlers for sale and distribution throughout their respective designated territories, often on a nonexclusive basis.

Bottler's Agreements Within the United States

In the United States, most bottlers operate under a contract to which we generally refer as a "comprehensive beverage agreement" ("CBA") that is of stated duration, subject in most cases to renewal rights of bottlers and in some cases to renewal rights of the Company. A small number of bottlers continue to operate under legacy bottler's agreements with no stated expiration date for Trademark Coca-Cola Beverages and other cola-flavored beverages. In all instances, the bottler's agreements in the United States are subject to termination by the Company for nonperformance or upon the occurrence of certain defined events of default that may vary from contract to contract.

Certain U.S. bottlers, which were granted certain additional exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage products (as defined by the CBAs) in connection with the refranchising of bottler territories that had previously been managed by Coca-Cola Refreshments ("CCR") (we refer to these bottlers as "expanding participating bottlers" or "EPBs"), operate under CBAs (to which we refer as "EPB CBAs") under which the Company generally retained the rights to produce the applicable beverage products for territories not covered by specific manufacturing agreements, and such bottlers purchase from the Company (or from Company-authorized manufacturing bottlers) substantially all of the finished beverage products needed in order to service the customers in these territories. The EPB CBA has a term of 10 years and is renewable, in most cases by the bottler, and in some cases by the Company, indefinitely for successive additional terms of 10 years each and includes additional requirements that provide for, among other things, a binding national governance model, mandatory incidence pricing and certain core performance requirements. The Company also entered into manufacturing agreements that authorize certain EPBs that have executed EPB CBAs to manufacture certain beverage products for their own account and for supply to other bottlers. In addition, certain U.S. bottlers that were not granted additional exclusive territory rights (to which we refer as "participating bottlers" or "PBs") converted their legacy bottler's agreements to CBAs, to which we refer as "PB CBAs," each of which has a term of 10 years, is renewable by the bottler indefinitely for successive additional terms of 10 years each, and is substantially similar in most material respects to the EPB CBAs, including with respect to requirements for a binding national governance model and mandatory incidence pricing, but includes core performance requirements that vary in certain respects from those in the EPB CBAs.

Those bottlers that have not signed CBAs continue to operate under legacy bottler's agreements that include pricing formulas that generally provide for a baseline price for certain Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. This baseline price may be adjusted periodically by the Company, up to a maximum indexed ceiling price, and is adjusted quarterly based upon changes in certain sugar or sweetener prices, as applicable. The U.S. unit case volume manufactured, sold and distributed under these legacy bottler's agreements is not material.

Under the terms of the bottler's agreements, bottlers in the United States generally are not authorized to manufacture fountain syrups. Rather, the Company manufactures and sells fountain syrups to authorized fountain wholesalers (including certain authorized bottlers) and some fountain retailers. These wholesalers in turn sell the syrups or deliver them on our behalf to restaurants and other retailers.

Promotions and Marketing Programs

In addition to conducting our own independent advertising and marketing activities, we may provide promotional and marketing support and/or funds to our bottlers. In most cases, we do this on a discretionary basis under the terms of commitment letters or agreements, even though we are not obligated to do so under the terms of the bottler's or distribution agreements between our Company and the bottlers. Also, on a discretionary basis in most cases, our Company may develop and introduce new products, packages and equipment to assist the bottlers. Likewise, in many instances, we provide promotional and marketing services and/or funds and/or dispensing equipment and repair services to fountain and bottle/can retailers, typically pursuant to marketing agreements. The aggregate amount

provided by our Company to bottlers, resellers or other customers of our Company's products, principally for participation in promotional and marketing programs, was $4.4 billion in 2019.

Investments in Bottling Operations

Most of our branded beverage products are manufactured, sold and distributed by independent bottling partners. However, from time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. Owning such a controlling interest enables us to compensate for limited local resources; help focus the bottler's sales and marketing programs; assist in the development of the bottler's business and information systems; and establish an appropriate capital structure for the bottler. In line with our long-term bottling strategy, we may periodically consider options for divesting or reducing our ownership interest in a Company-owned or -controlled bottler, typically by selling our interest in a particular bottling operation to an independent bottler to improve Coca-Cola system efficiency. When we sell our interest in a bottling operation to one of our other bottling partners in which we have an equity method investment, our Company continues to participate in the bottler's results of operations through our share of the equity method investee's earnings or losses.

In addition, from time to time we make equity investments representing noncontrolling interests in selected bottling operations with the intention of maximizing the strength and efficiency of the Coca-Cola system's production, marketing, sales and distribution capabilities around the world by providing expertise and resources to strengthen those businesses. These investments are intended to result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased sales for our Company's concentrate business. When our equity investment provides us with the ability to exercise significant influence over the investee bottler's operating and financial policies, we account for the investment under the equity method, and we sometimes refer to such a bottler as an "equity method investee bottler" or "equity method investee."

Seasonality

Sales of our nonalcoholic ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

Competition

The nonalcoholic beverage segment of the commercial beverage industry is highly competitive, consisting of numerous companies ranging from small or emerging to very large and well established. These include companies that, like our Company, compete in multiple geographic areas, as well as businesses that are primarily regional or local in operation. Competitive products include numerous nonalcoholic sparkling soft drinks; various water products, including flavored and enhanced waters; juices and nectars; fruit drinks and dilutables (including syrups and powdered drinks); coffees and teas; energy, sports and other performance-enhancing drinks; milk and other dairy-based drinks; functional beverages, including vitamin-based products and relaxation beverages; and various other nonalcoholic beverages. These competitive beverages are sold to consumers in both ready-to-drink and other than ready-to-drink form. In many of the countries in which we do business, including the United States, PepsiCo, Inc., is one of our primary competitors. Other significant competitors include, but are not limited to, Nestlé S.A., Keurig Dr Pepper Inc., Groupe Danone, The Kraft Heinz Company, Suntory Beverage & Food Limited and Unilever. We also compete against numerous regional and local companies and, increasingly, against smaller companies that are developing micro brands and selling them directly to consumers through e-commerce retailers and other e-commerce platforms. In addition, in some markets, we compete against retailers that have developed their own store or private label beverage brands.

Competitive factors impacting our business include, but are not limited to, pricing, advertising, sales promotion programs, in-store displays and point-of-sale marketing, product and ingredient innovation, increased efficiency in production techniques, the introduction of new packaging, new vending and dispensing equipment, contracting with marketing assets (theaters, sports arenas, universities, etc.) and brand and trademark development and protection.

Our competitive strengths include leading brands with high levels of consumer acceptance; a worldwide network of bottlers and distributors of Company products; sophisticated marketing capabilities; and a talented group of dedicated associates. Our competitive challenges include strong competition in all geographic regions; in many countries, a concentrated retail sector with powerful buyers able to freely choose among Company products, products of competitive beverage suppliers and individual retailers' own store or private label beverage brands; new industry entrants; and dramatic shifts in consumer shopping patterns due to a rapidly evolving digital landscape.

Raw Materials

Water is a main ingredient in substantially all of our products. While historically we have not experienced significant water supply difficulties, water is a limited natural resource in many parts of the world, and our Company recognizes

water availability, quality and sustainability, for both our operations and also the communities where we operate, as one of the key challenges facing our business.

In addition to water, the principal raw materials used in our business are nutritive and non-nutritive sweeteners. In the United States, the principal nutritive sweetener is high fructose corn syrup ("HFCS"), which is nutritionally equivalent to sugar. HFCS is available from numerous domestic sources and has historically been subject to fluctuations in its market price. The principal

nutritive sweetener used by our business outside the United States is sucrose, i.e., table sugar, which is also available from numerous sources and has historically been subject to fluctuations in its market price. Our Company generally has not experienced any difficulties in obtaining its requirements for nutritive sweeteners. In the United States, we purchase HFCS to meet our and our bottlers' requirements with the assistance of Coca-Cola Bottlers' Sales & Services Company LLC ("CCBSS"). CCBSS is a limited liability company that is owned by authorized Coca-Cola bottlers doing business in the United States. Among other things, CCBSS provides procurement services to our Company and to our bottling partners for the purchase of various goods and services in the United States, including HFCS.

The principal non-nutritive sweeteners we use in our business are aspartame, acesulfame potassium, sucralose, saccharin, cyclamate and steviol glycosides. Generally, these raw materials are readily available from numerous sources. We purchase sucralose, which we consider a critical raw material, from suppliers in the United States and China. Our Company generally has not experienced major difficulties in obtaining its requirements for non-nutritive sweeteners.

Our supply chain for non-nutritive sweeteners and certain other ingredients for our products includes suppliers in China. As a result of the outbreak of the novel coronavirus COVID-19, beginning in January 2020, our suppliers in China have experienced some delays in the production and export of these ingredients. We have initiated contingency supply plans and do not foresee a short-term impact due to these delays. However, we may see tighter supplies of some of these ingredients in the longer term should production or export operations in China deteriorate.

Juice and juice concentrate from various fruits, particularly orange juice and orange juice concentrate, are the principal raw materials for our juice and juice drink products. We source our orange juice and orange juice concentrate primarily from Florida and the Southern Hemisphere (particularly Brazil). We work closely with Cutrale Citrus Juices U.S.A., Inc., our primary supplier of orange juice from Florida and Brazil, to ensure an adequate supply of orange juice and orange juice concentrate that meets our Company's standards. However, the citrus industry is impacted by greening disease and the variability of weather conditions. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of trees and increasing grower costs and prices.

Our Company-owned or consolidated bottling operations and our finished product business also purchase various other raw materials including, but not limited to, polyethylene terephthalate ("PET") resin, preforms and bottles; glass and aluminum bottles; aluminum and steel cans; plastic closures; aseptic fiber packaging; labels; cartons; cases; postmix packaging; and carbon dioxide. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

Patents, Copyrights, Trade Secrets and Trademarks

Our Company owns numerous patents, copyrights and trade secrets and other know-how and technology, which we collectively refer to in this report as "technology." This technology generally relates to beverage products and the processes for their production; packages and packaging materials; design and operation of processes and equipment useful for our business; and certain software. Some of the technology is licensed to suppliers and other parties. Trade secrets are an important aspect of our technology, and our sparkling beverage and other beverage formulae are among the important trade secrets of our Company.

We own numerous trademarks that are very important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained. Pursuant to our bottler's agreements, we authorize our bottlers to use applicable Company trademarks in connection with their manufacture, sale and distribution of Company products. In addition, we grant licenses to third parties from time to time to use certain of our trademarks in conjunction with certain merchandise and food products.

Governmental Regulation

Our Company is required to comply, and it is our policy to comply, with all applicable laws in the numerous countries throughout the world in which we do business. In many jurisdictions, compliance with competition laws is of special importance to us, and our operations may come under special scrutiny by competition law authorities due to our competitive position in those jurisdictions.

In the United States, the safety, production, transportation, distribution, advertising, labeling and sale of our Company's products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Federal Trade Commission Act; the Lanham Act; state consumer protection laws; competition laws; federal, state and local workplace health and safety laws; various federal, state and local environmental protection laws; privacy and personal data protection laws; and various other federal, state and local statutes and regulations. Outside the United

States, our business is subject to numerous similar statutes and regulations, as well as other legal and regulatory requirements.

Under a California law known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the conditions of an exemption (described below) can be met. The state maintains lists of these substances and periodically adds other substances to these lists. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a "safe harbor" threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

One or more substances that are currently on the Proposition 65 lists, or that may be added in the future, can be detected in certain Company products at low levels that are safe. With respect to substances that have not yet been listed under Proposition 65, the Company takes the position that listing is not scientifically justified. With respect to substances that are already listed, the Company takes the position that the presence of each such substance in Company products is subject to an applicable exemption from the warning requirement or that the product is otherwise in compliance with Proposition 65. The state of California and other parties, however, have in the past taken a contrary position and may do so in the future.

Bottlers of our beverage products presently offer and use nonrefillable recyclable containers in the United States and various other markets around the world. Some of these bottlers also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. The precise requirements imposed by these measures vary. Other types of statutes and regulations relating to beverage container deposits, recycling, ecotaxes and/or product stewardship also apply in various jurisdictions in the United States and overseas. We anticipate that additional such legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere.

All of our Company's facilities and other operations in the United States and elsewhere around the world are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. Our policy is to comply with all such legal requirements. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect on our Company's capital expenditures, net income or competitive position.

We are also subject to various federal, state and international laws and regulations related to privacy and data protection, including the European Union’s General Data Protection Regulation ("GDPR"), which became effective in May 2018, and the California Consumer Privacy Act of 2018 ("CCPA"), which became effective on January 1, 2020. The interpretation and application of data privacy and data protection laws and regulations are often uncertain and are evolving in the United States and internationally. We monitor pending and proposed legislation and regulatory initiatives to ascertain their relevance to and potential impact on our business and develop strategies to address regulatory trends and developments, including any required changes to our privacy and data protection compliance programs and policies.

Employees

As of December 31, 2019 and 2018, our Company had approximately 86,200 and 62,600 employees, respectively, of which approximately 10,100 and 11,400, respectively, were located in the United States. The increase in the total number of employees was primarily due to the acquisition of Costa Limited ("Costa"). Our Company, through its divisions and subsidiaries, is a party to numerous collective bargaining agreements. As of December 31, 2019, approximately 1,100 employees in North America were covered by collective bargaining agreements. These agreements have terms of three years to five years. We currently anticipate that we will be able to successfully renegotiate such agreements when they expire.

The Company believes that its relations with its employees are generally satisfactory.

Available Information

The Company maintains a website at the following address: www.coca-colacompany.com. The information on the Company's website is not incorporated by reference in this Annual Report on Form 10-K. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission ("SEC") in accordance with the Securities Exchange Act of 1934, as amended ("Exchange Act"). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. In addition, we routinely post on the "Investors" page of our website news releases, announcements and other statements about our business and results of operations, some of which may contain information that may be deemed material to investors. Therefore, we encourage investors to monitor the "Investors" page of our website and review information we post on that page.

The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at the following address: http://www.sec.gov.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

Obesity and other health-related concerns may reduce demand for some of our products.

There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. Increasing public concern about obesity; other health-related public concerns surrounding consumption of sugar-sweetened beverages; possible new or increased taxes on sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; additional governmental regulations concerning the advertising, marketing, labeling, packaging or sale of our sugar-sweetened beverages; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labeling or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, our sugar-sweetened beverages, which could adversely affect our profitability.

If we do not address evolving consumer product and shopping preferences, our business could suffer.

Consumer product preferences have evolved and continue to evolve as a result of, among other things, health, wellness and nutrition considerations, including concerns regarding caloric intake associated with sugar-sweetened beverages and the perceived undesirability of artificial ingredients; shifting consumer demographics; changes in consumer tastes and needs coupled with a rapid expansion of beverage options and potential delivery methods; changes in consumer lifestyles; concerns regarding location of origin or source of ingredients and raw materials and the environmental and sustainability impact of ingredient sources and the product manufacturing process; consumer emphasis on transparency related to ingredients we use in our products and collection and recyclability of, and amount of recycled content contained by, our packaging containers and other materials; concerns about the health and welfare of animals in our dairy supply chain; dramatic shifts in consumer shopping patterns as a result of the rapidly evolving digital landscape; and competitive product and pricing pressures. In addition, in many of our markets, shopping patterns are being affected by the digital evolution, with consumers rapidly embracing shopping by way of mobile device applications, e-commerce retailers and e-commerce websites or platforms. If we fail to address past changes in consumer product and shopping preferences, do not successfully anticipate and prepare for future changes in such preferences, or are ineffective or slow in developing and implementing appropriate digital transformation initiatives, our share of sales, revenue growth and overall financial results could be negatively affected.

Increased competition could hurt our business.

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. For additional information regarding the competitive environment in which we operate, including the names of certain of our significant competitors, refer to the heading "Competition" set forth in Part I, "Item 1. Business" of this report. Our ability to gain or maintain share of sales in the global market or in various local markets may be limited as a result of actions by competitors. Competitive pressures may cause us and our bottling partners to reduce prices we charge customers or may restrict our and our bottlers' ability to increase such prices in response to commodity and other cost increases. Such pressures may also increase marketing costs and in-store placement and slotting fees. In addition, the rapid growth of e-commerce may create additional consumer price deflation by, among other things,

facilitating comparison shopping, and could potentially threaten the value of some of our legacy route-to-market strategies and thus negatively affect revenues. If we do not continuously strengthen our capabilities in marketing and innovation to maintain our brand loyalty and market share while we selectively expand into other profitable categories in the nonalcoholic beverage segment of the commercial beverage industry, our business could be negatively affected.

Water scarcity and poor quality could negatively impact the Coca-Cola system's costs and capacity.

Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution and emerging awareness of potential contaminants, poor management, lack of physical or financial access to water, sociopolitical tensions due to lack of public infrastructure in certain areas of the world and the effects of climate change. As the demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, the Coca-Cola system may incur higher costs or face capacity constraints and the possibility of reputational damage, which could adversely affect our profitability or net operating revenues in the long run.

Increased demand for food products and decreased agricultural productivity may negatively affect our business.

We and our bottling partners use in the manufacture of our beverage products a number of key ingredients that are derived from agricultural commodities such as sugarcane, corn, sugar beets, citrus, coffee and tea. Increased demand for food products and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns and other factors may limit the availability or increase the cost of such agricultural commodities and could impact the food security of communities around the world. If we are unable to implement programs focused on economic opportunity and environmental sustainability to address these agricultural challenges and fail to make a strategic impact on food security through joint efforts with bottlers, farmers, communities, suppliers and key partners, as well as through our increased and continued investment in sustainable agriculture, our ability to source raw materials for use in our manufacturing processes and the affordability of our products and ultimately our business and results of operations could be negatively impacted.

Product safety and quality concerns could negatively affect our business.

Our success depends in large part on our ability to maintain consumer confidence in the safety and quality of all of our products. We have rigorous product safety and quality standards, which we expect our operations as well as our bottling partners to meet. However, despite our strong commitment to product safety and quality, we or our bottling partners may not always meet these standards, particularly as we expand our product offerings through innovation or acquisitions into beverage categories, such as value-added dairy and plant-based beverages, that are beyond our traditional range of beverage products. If we or our bottling partners fail to comply with applicable product safety and quality standards, or if our beverage products taken to the market are or become contaminated or adulterated by any means, we may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause our business to suffer.

Public debate and concern about perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials, may reduce demand for our beverage products.

Public debate and concern about perceived negative health consequences of certain ingredients in our beverage products, such as non-nutritive sweeteners and biotechnology-derived substances; substances that are present in our beverage products naturally or that occur as a result of the manufacturing process, such as 4-methylimidazole ("4-MEI," a chemical compound that is formed during the manufacturing of certain types of caramel coloring used in cola-type beverages); or substances used in packaging materials, such as bisphenol A ("BPA," an odorless, tasteless food-grade chemical commonly used in the food and beverage industries as a component in the coating of the interior of cans), may affect consumers' preferences and cause them to shift away from some of our beverage products. In addition, increasing public concern about actual or perceived health consequences of the presence of such ingredients or substances in our beverage products or in packaging materials, whether or not justified, could result in additional governmental regulations concerning the advertising, marketing, labeling, packaging or sale of our beverages; possible new or increased taxes on our beverages by government entities; and negative publicity, or actual or threatened legal actions against us or other companies in our industry, all of which could damage the reputation of, and may reduce demand for, our beverage products.

If we are not successful in our innovation activities, our financial results may be negatively affected.

Achieving our business growth objectives depends in part on our ability to evolve and improve our existing beverage products through innovation and to successfully develop, introduce and market new beverage products. The success of our innovation activities in turn depends on our ability to correctly anticipate customer and consumer acceptance and trends; obtain, maintain and enforce necessary intellectual property protections; and avoid infringing on the

intellectual property rights of others. If we are not successful in our innovation activities, we may not be able to achieve our growth objectives, which may have a negative impact on our financial results.

If we are unable to protect our information systems against service interruption, misappropriation of data or breaches of security, our operations could be disrupted, we may suffer financial losses and our reputation may be damaged.

We rely on networks and information systems and other technology ("information systems"), including the Internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing and collection of payments, employee processes, consumer marketing, mergers and acquisitions, and research and development. We use information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting and legal and tax requirements. In addition, we depend on information systems for digital marketing activities and electronic communications among our locations around the world and between Company personnel and our bottlers and other customers, suppliers and consumers. Because information systems are critical to many of the Company's operating activities, our business may be impacted by system shutdowns, service disruptions or security breaches. These incidents may be caused by failures during routine operations such as system upgrades or by user errors, as well as network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyberattacks by common hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. In addition, such incidents could result in unauthorized or accidental disclosure of material confidential information or regulated individual personal data. If our information systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, and we may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments for concentrate or finished products. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, falsification or unavailability of, information could result in violations of data privacy laws and regulations, damage to the reputation and credibility of the Company, loss of opportunities to acquire or divest of businesses or brands and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us, our current or former employees, our bottling partners, other customers or suppliers, or consumers or other data subjects, and may become exposed to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems.

Like most major corporations, the Company's information systems are a target of attacks. In addition, third-party providers of data hosting or cloud services, as well as our bottling partners, distributors, joint venture partners or suppliers, may experience cybersecurity incidents that may involve data we share with them. Although the incidents that we have experienced to date have not had a material effect on our business, financial condition or results of operations, such incidents could have a material adverse effect on us in the future. In order to address risks to our information systems, we continue to make investments in personnel, technologies, cyber insurance and training of Company personnel. The Company maintains an information risk management program which is supervised by information technology management and reviewed by a cross-functional committee. As part of this program, reports that include analysis of emerging risks as well as the Company's plans and strategies to address them are regularly prepared and presented to senior management and the Audit Committee of the Board of Directors.

If we fail to comply with personal data protection and privacy laws, we could be subject to adverse publicity, government enforcement actions and/or private litigation, which could negatively affect our business and operating results.

In the ordinary course of our business, we receive, process, transmit and store information relating to identifiable individuals ("personal data"), primarily employees and former employees but also some consumers. As a result, we are subject to various U.S. federal and state and foreign laws and regulations relating to personal data. These laws have been subject to frequent changes, and new legislation in this area may be enacted in other jurisdictions at any time. In the European Union ("EU"), the GDPR, which became effective on May 25, 2018 for all EU member states, includes operational requirements for companies receiving or processing personal data of EU residents and provides for significant penalties for noncompliance. In the United States, the CCPA, which became effective on January 1, 2020, provides for a private right of action for data breaches and requires companies that process information about California residents to make disclosures to consumers about their data collection, use and sharing practices and to allow consumers to opt out of certain data sharing with third parties. The changes introduced by the GDPR and the CCPA, as well as any other changes to existing personal data protection or privacy laws and the introduction of such laws in other jurisdictions, have subjected and may continue in the future to subject the Company to, among other things, additional costs and expenses and have required and may in the future require

costly changes to our business practices and security systems, policies, procedures and practices. Our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future may not prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of the GDPR, the CCPA and/or of other personal data protection or privacy laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in

private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect our business and operating results.

If we are not successful in our efforts to digitize the Coca-Cola system, our financial performance will be negatively affected.

The digital evolution is affecting how we interact with consumers, customers, suppliers, bottlers and other business partners and stakeholders. We believe that our future success will depend in part on our ability to adapt to and thrive in the digital environment. Therefore, one of our top priorities is to digitize the Coca-Cola system by, among other things, creating more relevant and more personalized experiences wherever our system interacts with consumers, whether in a digital environment or through digital devices in an otherwise physical environment; finding ways to create more powerful digital tools and capabilities for the Coca-Cola system's retail customers to enable them to grow their businesses; and digitizing operations through the use of data, artificial intelligence, automation, robotics and digital devices to increase efficiency and productivity. If we are not successful in our efforts to digitize the Coca-Cola system, our ability to increase sales and reduce costs may be negatively affected and the cost and expenses we have incurred or may incur in connection with our digitization initiatives may adversely impact our financial performance.

Changes in the retail landscape or the loss of key retail or foodservice customers could adversely affect our financial performance.

Our industry is being affected by the trend toward consolidation in and blurring of the lines between retail channels, particularly in Europe and the United States. Larger retailers may seek lower prices from us and our bottling partners, may demand increased marketing or promotional expenditures, and may be more likely to use their distribution networks to introduce and develop private label brands, any of which could negatively affect the Coca-Cola system's profitability. In addition, in developed markets discounters and value stores are growing at a rapid pace, while in emerging and developing markets modern trade is growing at a faster pace than traditional trade outlets. Our industry is also being affected by the rapid growth in sales through e-commerce retailers, e-commerce websites, mobile commerce applications and subscription services, which may result in a shift away from physical retail operations to digital channels. As we build the Coca-Cola system's e-commerce capabilities, we may not be able to develop and maintain successful relationships with existing and new e-commerce retailers without experiencing a deterioration of our relationships with key customers operating physical retail channels. If we are unable to successfully adapt to the rapidly changing retail landscape, including the rapid growth in digital commerce, our share of sales, volume growth and overall financial results could be negatively affected. In addition, our success depends in part on our ability to maintain good relationships with key retail and foodservice customers. The loss of one or more of our key retail or foodservice customers could have an adverse effect on our financial performance.

If we are unable to expand our operations in emerging and developing markets, our growth rate could be negatively affected.

Our success depends in part on our ability to grow our business in emerging and developing markets, which in turn depends on economic and political conditions in those markets and on our ability to work with local bottlers to make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Additionally, we rely on local availability of talented management and employees to establish and manage our operations in these markets. Scarcity of, or heavy competition for, talented employee resources could impede our abilities in such markets. Moreover, the supply of our products in emerging and developing markets must match consumers' demand for those products. Due to product price, limited purchasing power and cultural differences, our products may not be accepted in any particular emerging or developing market.

Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the euro, the Japanese yen, the Brazilian real and the Mexican peso. In 2019, we used 70 functional currencies in addition to the U.S. dollar and derived $25.6 billion of net operating revenues from operations outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other currencies affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. For information regarding the estimated impact of currency fluctuations on our consolidated and operating segment net operating revenues for 2019 and 2018, refer to the heading "Operations Review — Net Operating Revenues" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report. Because of the geographic diversity of our operations, weaknesses in some currencies may be offset by strengths in others over time. We also use derivative financial instruments to further

reduce our net exposure to foreign currency exchange rate fluctuations. However, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, could materially affect our financial results.

If interest rates increase, our net income could be negatively affected.

We maintain levels of debt that we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. When and to the extent appropriate, we use derivative financial instruments to reduce our exposure to interest rate risks. However, our financial risk management program may not be successful in reducing the risks inherent in exposures to interest rate fluctuations. In addition, in July 2017, the United Kingdom's Financial Conduct Authority, the governing body responsible for regulating the London Interbank Offered Rate ("LIBOR"), announced that it will no longer compel or persuade financial institutions and panel banks to submit rates for the calculation of LIBOR after 2021. This decision is expected to result in the discontinuance of the use of LIBOR as a reference rate for commercial loans and other indebtedness. Although the impact of the possible discontinuance of LIBOR publication and transition to alternative reference rates remains unclear, it is possible that these changes may have an adverse impact on our financing costs. Our interest expense may also be affected by our credit ratings. In assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, some credit rating agencies also consider financial information of certain of our major bottling partners. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure; our major bottling partners' financial performance; changes in the credit rating agencies' methodology in assessing our credit strength; the credit agencies' perception of the impact of credit market conditions on our or our major bottling partners' current or future financial performance and financial condition; or for any other reason, our cost of borrowing could increase. Additionally, if the credit ratings of certain bottling partners in which we have equity method investments were to be downgraded, such bottling partners' interest expense could increase, which would reduce our equity income.

We rely on our bottling partners for a significant portion of our business. If we are unable to maintain good relationships with our bottling partners, our business could suffer.

We generate a significant portion of our net operating revenues by selling concentrates and syrups to independent bottling partners. As independent companies, our bottling partners, some of which are publicly traded companies, make their own business decisions that may not always align with our interests. In addition, many of our bottling partners have the right to manufacture or distribute their own products or certain products of other beverage companies. If we are unable to provide an appropriate mix of incentives to our bottling partners through a combination of pricing and marketing and advertising support, or if our bottling partners are not satisfied with our brand innovation and development efforts, they may take actions that, while maximizing their own short-term profits, may be detrimental to our Company or our brands, or they may devote more of their energy and resources to business opportunities or products other than those of the Company. Such actions could, in the long run, have an adverse effect on our profitability.

If our bottling partners' financial condition deteriorates, our business and financial results could be affected.

We derive a significant portion of our net operating revenues from sales of concentrates and syrups to independent bottling partners and, therefore, the success of our business depends on our bottling partners' financial strength and profitability. While under our agreements with our bottling partners we generally have the right to unilaterally change the prices we charge for our concentrates and syrups, our ability to do so may be materially limited by our bottling partners' financial condition and their ability to pass price increases along to their customers. In addition, we have investments in certain of our bottling partners, which we account for under the equity method, and our operating results include our proportionate share of such bottling partners' income or loss. Our bottling partners' financial condition is affected in large part by conditions and events that are beyond our and their control, including competitive and general market conditions in the territories in which they operate; the availability of capital and other financing resources on reasonable terms; loss of major customers; additional regulations; or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest, natural disasters or other catastrophic events. A deterioration of the financial condition or results of operations of one or more of our major bottling partners could adversely affect our net operating revenues from sales of concentrates and syrups; and, if such deterioration involves one or more of our major equity investee bottling partners, could also result in a decrease in our equity income and/or impairments of our equity method investments.

Increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

We are subject to income tax in the United States and numerous other jurisdictions in which we generate profits. Our overall effective income tax rate is a function of applicable local tax rates and the geographic mix of our income

before taxes, which is itself impacted by currency movements. Consequently, the isolated or combined effects of unfavorable movements in tax rates, geographic mix, or foreign exchange rates could reduce our after-tax income.

Our annual tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related disputes could be materially different

from our historical income tax provisions and accruals. The results of audits or related disputes could have a material effect on our financial statements for the period or periods for which the applicable final determinations are made and for periods for which the statute of limitations is open. For instance, the United States Internal Revenue Service ("IRS") is seeking to increase our U.S. taxable income for tax years 2007 through 2009 by an amount that creates a potential additional U.S. federal income tax liability of approximately $3.3 billion for that period, plus interest. If this income tax dispute were to be ultimately determined adversely to us, any additional taxes, interest and potential penalties in the litigated or subsequent years could have a material adverse impact on the Company's financial position, results of operations and cash flows. Any such adjustments related to years prior to 2018, either in the litigation period or later, may have an impact on the transition tax payable as part of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act"). For additional information regarding this income tax dispute, refer to Note 13 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report.

Increased or new indirect taxes in the United States and throughout the world could negatively affect our business.

Our business operations are subject to numerous duties or taxes that are not based on income, sometimes referred to as "indirect taxes," including import duties, tariffs, excise taxes, sales or value-added taxes, taxes on sugar-sweetened beverages, packaging taxes, property taxes and payroll taxes, in many of the jurisdictions in which we operate, including indirect taxes imposed by state and local governments. In addition, in the past, the U.S. Congress considered imposing a federal excise tax on beverages sweetened with sugar, HFCS or other nutritive sweeteners and may consider similar proposals in the future. As federal, state and local governments in the United States and throughout the world experience significant budget deficits, some lawmakers have singled out beverages among a plethora of revenue-raising items and have imposed or increased, or proposed to impose or increase, sales or similar taxes on beverages, particularly sugar-sweetened beverages. Increases in or the imposition of new indirect taxes on our business operations or products would increase the cost of products or, to the extent levied directly on consumers, make our products less affordable, which may negatively impact our net operating revenues and profitability.

If we do not successfully manage the possible negative consequences of our productivity initiatives, our business operations could be adversely affected.

We believe that improved productivity is essential to achieving our long-term growth objectives and, therefore, a leading priority of our Company is to design and implement the most effective and efficient business model possible. Consequently, we continuously search for productivity opportunities in our business. Some of the actions we may take from time to time in pursuing these opportunities may become a distraction for our managers and employees and may disrupt our ongoing business operations; cause deterioration in employee morale which may make it more difficult for us to retain or attract qualified managers and employees; disrupt or weaken the internal control structures of the affected business operations; and give rise to negative publicity which could affect our corporate reputation. If we are unable to successfully manage the possible negative consequences of our productivity initiatives, our business operations could be adversely affected.

If we are unable to attract or retain a highly skilled and diverse workforce, our business could be negatively affected.

The success of our business depends on our Company's and the Coca-Cola system's ability to attract, develop, retain and motivate a highly skilled and diverse workforce as well as on our success in nurturing a culture that supports our growth and aligns employees around the Company purpose and work that matters most. We may not be able to successfully compete for, attract and/or retain the high-quality and diverse employee talent we want and our future business needs may require, such as employees with e-commerce, social media and digital marketing and advertising skills, and/or digital and analytics capabilities. Changes in immigration laws and policies could also make it more difficult for us to recruit or relocate highly skilled technical, professional and management personnel to meet our business needs. In addition, the unexpected loss of experienced and highly skilled associates due to an increase in aggressive recruiting for best-in-class talent could deplete our institutional knowledge base and erode our competitiveness. Any of the foregoing could have a negative impact on our business.

Increase in the cost, disruption of supply or shortage of energy or fuel could affect our profitability.

Our Company-owned or -controlled bottlers operate a large fleet of trucks and other motor vehicles to distribute and deliver beverage products to customers. In addition, we use a significant amount of electricity, natural gas and other energy sources to operate our concentrate, syrup and juice production plants and the bottling plants and distribution facilities operated by our Company-owned or -controlled bottlers. An increase in the price, disruption of supply or shortage of fuel and other energy sources in countries in which we have concentrate plants, or in any of the major markets in which our Company-owned or -controlled bottlers operate, which may be caused by increasing demand,

by events such as natural disasters, power outages and the like, or by government regulations, taxes, policies or programs designed to reduce greenhouse gas emissions to address climate change, could increase our operating costs and negatively impact our profitability.

Our independent bottling partners also operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to their own customers and use a significant amount of electricity, natural gas and other energy sources to operate their own bottling plants and distribution facilities. An increase in the price, disruption of supply or shortage of fuel and other energy

sources in any of the major markets in which our independent bottling partners operate could increase the affected independent bottling partners' operating costs and thus indirectly negatively impact our results of operations.

Increase in the cost, disruption of supply or shortage of ingredients, other raw materials, packaging materials, aluminum cans and other containers could harm our business.

We and our bottling partners use various ingredients in our business, including HFCS, sucrose, aspartame, acesulfame potassium, sucralose, saccharin, cyclamate, steviol glycosides, ascorbic acid, citric acid, phosphoric acid, caffeine and caramel color; other raw materials such as orange and other fruit juice and juice concentrates; packaging materials such as PET, bio-based PET and recycled PET for bottles; and aluminum cans and other containers. For additional information regarding ingredients, other raw materials, packaging materials and containers we use in our business, refer to the heading "Raw Materials" set forth in Part I, "Item 1. Business" of this report. The prices of these ingredients, other raw materials, packaging materials, aluminum cans and other containers fluctuate depending on market conditions. Substantial increases in the prices of our or our bottling partners' ingredients, other raw materials, packaging materials, aluminum cans and other containers to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase our and our bottling partners' operating costs and reduce our profitability. Increases in the prices of our finished products resulting from a higher cost of ingredients, other raw materials, packaging materials, aluminum cans and other containers could affect affordability in some markets and reduce Coca-Cola system sales. In addition, some of our ingredients, such as aspartame, acesulfame potassium, and saccharin, as well as some packaging containers, such as aluminum cans, are available from a limited number of suppliers, and certain other ingredients are available from only one source each. Furthermore, some of our suppliers are located in countries experiencing political or other risks. We and our bottling partners may not be able to maintain favorable arrangements and relationships with these suppliers, and our contingency plans may not be effective in preventing disruptions that may arise from shortages of any ingredient that is available from a limited number of suppliers or from only one source.

The citrus industry is impacted by the variability of weather conditions and by greening disease, which affect the supply of orange juice and orange juice concentrate, which are important raw materials for our business. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of citrus trees and increasing grower costs and prices. Adverse weather conditions may affect the supply of other agricultural commodities from which key ingredients for our products are derived. For example, drought conditions in certain parts of the United States or in other major corn-producing areas of the world may negatively affect the supply of corn, which in turn may result in shortages of and higher prices for HFCS.

An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, packaging materials, aluminum cans and other containers that may be caused by changes in or the enactment of new laws and regulations; a deterioration of our or our bottling partners' relationships with suppliers; supplier quality and reliability issues; trade disruptions; changes in supply chain; and increases in tariffs that may be caused by the United Kingdom's withdrawal from the European Union, commonly referred to as "Brexit"; or events such as natural disasters, widespread outbreaks of infectious diseases (such as the recent outbreak of the novel coronavirus COVID-19), power outages, labor strikes, political uncertainties or governmental instability, or the like could negatively impact our net operating revenues and profits.

Increasing concerns about the environmental impact of plastic bottles and other plastic packaging materials could result in reduced demand for our beverage products and increased production and distribution costs.

There are increasing concerns among consumers, governments and other stakeholders about the damaging impact of the proliferation and accumulation of plastic bottles and other packaging materials in the environment, particularly in the world's waterways, lakes and oceans. We and our bottling partners sell certain of our beverage products in plastic bottles and use other plastic packaging materials that are not biodegradable and, while largely recyclable, may not be regularly recovered and recycled due to low economic value or lack of collection and recycling infrastructure. If we and our bottling partners do not, or are perceived not to, act responsibly to address plastic materials recoverability and recycling concerns, our corporate image and brand reputation could be damaged, which may cause some consumers to reduce or discontinue consumption of some of our beverage products. In addition, from time to time we establish and publicly announce goals and commitments to reduce the Coca-Cola system's impact on the environment by increasing our use of recycled plastic and other packaging materials; increasing our use of packaging materials that are made in part of plant-based renewable materials; participating in programs and initiatives to reclaim or recover plastic bottles and other packaging materials that are already in the environment; and taking other actions and participating in other programs and initiatives organized or sponsored by nongovernmental organizations and other groups. If we and our bottling partners fail to achieve or improperly report on our progress toward achieving our announced environmental goals and commitments, the resulting negative publicity could adversely

affect consumer preference for our beverage products. In addition, in response to environmental concerns, governmental entities in the United States and in many other jurisdictions around the world have adopted or are considering adopting regulations and

policies designed to mandate or encourage plastic packaging waste reduction and an increase of recycling rates or, in some cases, restricting or even prohibiting the use of plastic containers or packaging materials. These regulations and policies, whatever their scope or form, could increase the cost of our beverage products or otherwise put the Company at a competitive disadvantage. In addition, our increased focus on reducing plastic containers and other packaging materials waste may require us to incur additional expenses and to increase our capital expenditures. A reduction in consumer demand for our beverage products and/or an increase in costs and expenditures relating to production and distribution as a result of these environmental concerns regarding plastic bottles and other packaging materials could have an adverse effect on our business and results of operations.

Changes in laws and regulations relating to beverage containers and packaging could increase our costs and reduce demand for our products.

We and our bottlers currently offer nonrefillable containers in the United States and in various other markets around the world. Legal requirements have been enacted in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. Other proposals relating to beverage container deposits, recycling, tethered bottle caps, ecotax and/or product stewardship or even prohibitions on certain types of plastic products, packages and cups have been introduced in various jurisdictions in the United States and overseas, and we anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and the related publicity could result in the adoption of additional such legislation or regulations in the future. If these types of requirements are adopted and implemented on a large scale in any of the major markets in which we operate, they could affect our costs or require changes in our distribution model, which could reduce our net operating revenues and profitability.

Significant additional labeling or warning requirements or limitations on the marketing or sale of our products may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products as a result of what they contain or allegations that they cause adverse health effects. If these types of requirements become applicable to one or more of our major products under current or future environmental or health laws or regulations, they may inhibit sales of such products.

For example, under one such law in California, known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the exposure falls under an established safe harbor level or another exemption is applicable. For additional information regarding Proposition 65, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. If we were required to add Proposition 65 warnings on the labels of one or more of our beverage products produced for sale in California, the resulting consumer reaction to the warnings and possible adverse publicity could negatively affect our sales both in California and in other markets.

Unfavorable general economic conditions in the United States could negatively impact our financial performance.

In 2019, our net operating revenues in the United States were $11.7 billion, or 31 percent, of our total net operating revenues. Unfavorable general economic conditions, such as a recession or economic slowdown, in the United States could negatively affect the affordability of, and consumer demand for, our beverages in our flagship market. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our beverages to lower-priced products offered by other companies, including private label brands. Softer consumer demand for our beverages in the United States could reduce our profitability and could negatively affect our overall financial performance.

Unfavorable economic and political conditions in international markets could hurt our business.

We derive a significant portion of our net operating revenues from sales of our products in international markets. In 2019, our operations outside the United States accounted for $25.6 billion, or 69 percent, of our total net operating revenues. Unfavorable economic conditions and financial uncertainties in our major international markets, including uncertainties related to Brexit implementation, and unstable political conditions, including civil unrest and governmental changes, in certain of our other international markets could undermine global consumer confidence and reduce consumers' purchasing power, thereby reducing demand for our products. Product boycotts resulting from political activism could reduce demand for our products, while restrictions on our ability to transfer earnings or capital across borders, price controls, limitations on profits, retaliatory tariffs, import authorization requirements and other restrictions on business activities which have been or may be imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries or otherwise, could impact our

profitability. In addition, U.S. trade sanctions against countries designated by the U.S. government as state sponsors of terrorism and/or financial institutions accepting transactions for commerce within such countries could increase significantly,

which could make it impossible for us to continue to make sales to bottlers in such countries. The imposition of retaliatory sanctions against U.S. multinational corporations by countries that are or may become subject to U.S. trade sanctions, or the delisting of our branded products by retailers in various countries in reaction to U.S. trade sanctions or other governmental action or policy, could also negatively affect our business.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We are party to various litigation claims and legal proceedings in the ordinary course of business, including, but not limited to, litigation claims and legal proceedings arising out of our advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, tax disputes, and environmental and employment matters. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates.

We conduct business in markets with high-risk legal compliance environments, which exposes us to increased legal and reputational risk.

We have bottling and other business operations in markets with high-risk legal compliance environments. Our policies and procedures require strict compliance by our associates and agents with all United States and local laws and regulations and consent orders applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, our policies, procedures and related training programs may not always ensure full compliance by our associates and agents with all applicable legal requirements. Improper conduct by our associates or agents could damage our reputation in the United States and internationally or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

If our third-party service providers and business partners do not satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

In the conduct of our business, we rely on relationships with third parties, including cloud data storage and other information technology service providers, suppliers, distributors, contractors, joint venture partners and other external business partners, for certain functions or for services in support of key portions of our operations. These third-party service providers and business partners are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems and employee failures, and are subject to legal, regulatory and market risks of their own. Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the agreed upon terms. In addition, while we have procedures in place for selecting and managing our relationships with third-party service providers and other business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, which increases our financial, legal, reputational and operational risk. If we are unable to effectively manage our third-party relationships, or for any reason our third-party service providers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

Failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights could harm our business.

Our trademarks, formulae and other intellectual property rights (refer to the heading "Patents, Copyrights, Trade Secrets and Trademarks" in Part I, "Item 1. Business" of this report) are essential to the success of our business. We cannot be certain that the legal steps we are taking around the world are sufficient to protect our intellectual property rights or that, notwithstanding legal protection, others do not or will not infringe or misappropriate our intellectual property rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products may be eroded and our business could suffer. In addition, we could come into conflict with third parties over intellectual property rights, which could result in disruptive and expensive litigation. Any of the foregoing could harm our business.

Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

Climate change and legal or regulatory responses thereto may have a long-term adverse impact on our business and results of operations.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and

an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products, and could impact the food security of communities around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for the Coca-Cola system's bottling operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. Increasing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of our beverage products. The effects of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations. In addition, from time to time we establish and publicly announce goals and commitments to reduce the Coca-Cola system's carbon footprint by increasing our use of recycled packaging materials and participating in environmental and sustainability programs and initiatives organized or sponsored by nongovernmental organizations and other groups to reduce greenhouse gas emissions industry-wide. If we and our bottling partners fail to achieve or improperly report on our progress toward achieving our carbon footprint reduction goals and commitments, the resulting negative publicity could adversely affect consumer preference for our beverage products.

If negative publicity, whether or not warranted, concerning product safety or quality, workplace and human rights, obesity or other issues damages our brand image, corporate reputation and social license to operate, our business may suffer.

Our success depends in large part on our ability to maintain the brand image of our existing products, build up brand image for new products and brand extensions, and maintain our corporate reputation and social license to operate. However, our continuing investment in advertising and marketing and our strong commitment to product safety and quality and human rights may not have the desired impact on our products' brand image and on consumer preferences. Product safety or quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. In some emerging markets, the production and sale of counterfeit or "spurious" products, which we and our bottling partners may not be able to fully combat, may damage the image and reputation of our products. In addition, from time to time, we and our executives engage in public policy endeavors that are either directly related to our products and packaging or to our business operations and the general economic climate affecting the Company. These engagements in public policy debates can occasionally be the subject of backlash from advocacy groups that have a differing point of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, our sponsorship relationships could subject us to negative publicity as a result of actual or alleged misconduct by individuals or entities associated with organizations we sponsor or support financially or through in-kind contributions. Likewise, campaigns by activists connecting us, or our bottling system or supply chain, with workplace and human rights issues, whether actual or perceived, could adversely impact our corporate image and reputation. Additionally, negative postings or comments on social media or networking websites about the Company or one of its brands, even if inaccurate or malicious, could generate adverse publicity that could damage the reputation of our brands or the Company. Furthermore, in June 2011, the United Nations Human Rights Council endorsed the Guiding Principles on Business and Human Rights, which outlines how businesses should implement the corporate responsibility to respect human rights principles included in the United Nations "Protect, Respect and Remedy" framework on human rights. Through our Human Rights Policy, Code of Business Conduct and Supplier Guiding Principles, and our participation in the United Nations Global Compact, as well as our active participation in the Global Business Initiative on Human Rights, we made a number of commitments to respect all human rights. Allegations, even if untrue, that we are not respecting one or more of the 30 human rights found in the United Nations Universal Declaration of Human Rights; actual or perceived failure by our suppliers or other business partners to comply with applicable workplace and labor laws, including child labor laws, or their actual or perceived abuse or misuse of migrant workers; and adverse publicity surrounding obesity and health concerns related to our products, water usage, environmental impact, labor relations or the like could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers. In addition, if we fail to protect our associates' and our supply chain employees' human rights, or inadvertently discriminate against any group of associates or hiring prospects, our ability to hire and retain the best talent will be diminished, which could have an adverse impact on our overall business.

Changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations could increase our costs or reduce our net operating revenues.

Our Company's business is subject to various laws and regulations in the numerous countries throughout the world in which we do business, including laws and regulations relating to competition, product safety, advertising and labeling, container deposits, recycling and product stewardship, the protection of the environment, occupational health and safety, employment and labor practices, personal data protection and privacy, and data security. For additional information regarding laws and regulations applicable to our business, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations to

limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change, to discourage the use of plastic materials, including regulations relating to recovery and/or disposal of plastic bottles and other packaging materials due to environmental concerns, or to limit or impose additional costs on commercial water use due to local water scarcity concerns, may result in increased compliance costs, capital expenditures and other financial obligations for us and our bottling partners, which could affect our profitability, or may impede the production, distribution, marketing and sale of our products, which could affect our net operating revenues. In addition, failure to comply with U.S. trade sanctions, the U.S. Foreign Corrupt Practices Act and other applicable laws or regulations could result in litigation, the assessment of damages, the imposition of penalties, suspension of production or distribution, costly changes to equipment or processes due to required corrective action, or a cessation or interruption of operations at our or our bottling partners' facilities, as well as damage to our or our bottling partners' image and reputation, all of which could harm our or our bottling partners' profitability.

Changes in accounting standards could affect our reported financial results.

New accounting standards or pronouncements that may become applicable to our Company from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported financial results for the affected periods.

If we are not able to achieve our overall long-term growth objectives, the value of an investment in our Company could be negatively affected.

We have established and publicly announced certain long-term growth objectives. These objectives were based on, among other things, our evaluation of our growth prospects, which are generally driven by the sales potential of our many beverage products, some of which are more profitable than others, and on an assessment of the potential price and product mix. We may not be able to realize the sales potential and the price and product mix necessary to achieve our long-term growth objectives.

If global credit market conditions deteriorate, our financial performance could be adversely affected.

The cost and availability of credit vary by market and are subject to changes in the global or regional economic environment. If conditions in major credit markets deteriorate, our and our bottling partners' ability to obtain debt financing on favorable terms may be negatively affected, which could affect our and our bottling partners' profitability as well as our share of the income of bottling partners in which we have equity method investments. A decrease in availability of consumer credit resulting from unfavorable credit market conditions, as well as general unfavorable economic conditions, may also cause consumers to reduce their discretionary spending, which could reduce the demand for our beverages and negatively affect our and our bottling partners' financial performance.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur significant losses.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, including forward contracts, commodity futures contracts, option contracts, collars and swaps, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or to retrieve our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default by or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

If we are unable to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest, our business could suffer.

Many of our associates at our key manufacturing locations and bottling plants are covered by collective bargaining agreements. While we generally have been able to renegotiate collective bargaining agreements on satisfactory terms when they expire and regard our relations with associates and their representatives as generally satisfactory, negotiations may nevertheless be challenging, as the Company must have competitive cost structures in each market while meeting the compensation and benefits needs of our associates. If we are unable to renew collective bargaining agreements on satisfactory terms, our labor costs could increase, which could affect our profit margins. In addition, many of our bottling partners' employees are represented by labor unions. Strikes, work stoppages or other forms of labor unrest at any of our major manufacturing facilities or at our bottling operations' or our major bottlers' plants could impair our ability to supply concentrates and syrups to our bottling partners or our bottlers' ability to supply

finished beverages to customers, which could reduce our net operating revenues and could expose us to customer claims. Furthermore, from time to time we and our bottling partners restructure manufacturing and other operations to improve productivity. Restructuring activities and the announcement of plans for future restructuring activities may result in a general increase in insecurity among some Company associates and some employees in other parts of the Coca-Cola system, which may have negative impacts on employee morale and work performance, result in

escalation of grievances and adversely affect the negotiation of collective bargaining agreements. If these labor relations are not effectively managed at the local level, they could escalate in the form of corporate campaigns supported by the labor organizations and could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers.

We may be required to recognize impairment charges that could materially affect our financial results.

We assess our noncurrent assets, including trademarks, bottler franchise rights, goodwill and other intangible assets, equity method investments and other long-lived assets, as and when required by accounting principles generally accepted in the United States to determine whether they are impaired and, if they are, we record appropriate impairment charges. Our equity method investees also perform similar recoverability and impairment tests, and we record our proportionate share of impairment charges recorded by them adjusted, as appropriate, for the impact of items such as basis differences, deferred taxes and deferred gains. It is possible that we may be required to record significant impairment charges or our proportionate share of significant impairment charges recorded by equity method investees in the future and, if we do so, our net income could be materially adversely affected.

We may incur multi-employer pension plan withdrawal liabilities in the future, which could negatively impact our financial performance.

We currently participate, and have in the past participated, in certain multi-employer pension plans in the United States. The U.S. multi-employer pension plans in which we currently participate have contractual arrangements that extend into 2021. If in the future we choose to withdraw, or are deemed to have withdrawn, from any of the multi-employer pension plans in which we currently participate, or in which we have participated in the past, we would need to record the appropriate withdrawal liabilities, which could negatively impact our financial performance in the applicable periods.

If we do not successfully integrate and manage our Company-owned or -controlled bottling operations or other acquired businesses or brands, our results could suffer.

From time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. In addition, we routinely evaluate opportunities to acquire other businesses or brands to expand our beverage portfolio and capabilities. We may incur unforeseen liabilities and obligations in connection with acquiring, taking control of or managing acquired bottling operations, other businesses or brands and may encounter unexpected difficulties and costs in restructuring and integrating them into our Company's operating and internal control structures. We may also experience delays in extending our Company's internal control over financial reporting to newly acquired or controlled bottling operations or other newly acquired businesses, which may increase the risk of failure to prevent misstatements in their financial records and in our consolidated financial statements. In addition, our product quality and safety programs and controls may not be sufficiently robust to effectively cope with the expanded range of product offerings introduced through newly acquired businesses or brands, which may increase our costs or subject us to negative publicity. Also, we may not be able to successfully manage the additional complexities involved with overseeing the various supply chain models as we expand our product offerings and seek to manage acquired businesses in a more independent, less integrated manner. Our financial performance depends in large part on how well we can manage and improve the performance of Company-owned or -controlled bottling operations and other acquired businesses or brands. However, we may not be able to achieve our strategic and financial objectives for such bottling operations, businesses or brands. If we incur unforeseen liabilities, obligations and costs in connection with acquiring or integrating bottling operations or other businesses, experience internal control or product quality failures or are unable to achieve our strategic and financial objectives for Company-owned or -controlled bottling operations and other acquired businesses or brands, our consolidated results could be negatively affected.

If we do not successfully manage our refranchising activities, our business and results of operations could be adversely affected.

As part of our strategic initiative to refocus on our core business of building brands and leading our system of bottling partners, we continue to seek opportunities to refranchise Company-owned or -controlled bottling operations. Our refranchising activities require significant attention and effort on the part of, and therefore may be a distraction for, senior management. If we are unable to complete future refranchising transactions on our expected timetable and on terms and conditions favorable to us; our refranchising partners are not efficient and aligned with our long-term vision for the Coca-Cola system; or we are unable to maintain good relationships with the refranchised bottling operations, our business and results of operations could be adversely affected.

If we fail to realize a significant portion of the anticipated benefits of our strategic relationship with Monster, our financial performance could be adversely affected.

In June 2015, we and Monster entered into a long-term strategic relationship in the global energy drink category. If we are unable to successfully manage our complex relationship with Monster, or if for any other reason we fail to realize all or a

significant part of the benefits we expect from this strategic relationship and the related investment, our financial performance could be adversely affected.

Global or regional catastrophic events could impact our operations and financial results.

Because of our global presence and worldwide operations, our business could be affected by large-scale terrorist acts, cyber-strikes and radiological attacks, especially those directed against the United States or other major industrialized countries; the outbreak or escalation of armed hostilities; major natural disasters; or widespread outbreaks of infectious diseases such as the recent outbreak of the novel coronavirus COVID-19. Such events could impair our ability to manage our business around the world, could disrupt our supply of raw materials and ingredients, and could impact production, transportation and delivery of concentrates, syrups and finished products. In addition, such events could cause disruption of regional or global economic activity, which could affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our worldwide headquarters is located on a 35-acre office complex in Atlanta, Georgia. The complex includes our 621,000 square foot headquarters building and an 870,000 square foot building in which our North America group's main offices are located. The complex also includes several other buildings, including our 264,000 square foot Coca-Cola Plaza building, technical and engineering facilities and a reception center. These properties, except for the North America group's main offices, are included in Corporate. The North America group's main offices are included in the North America operating segment.

We own or lease additional facilities, real estate and office space throughout the world which we use for administrative, manufacturing, processing, packaging, storage, warehousing, distribution and retail operations. These properties are generally included in the geographic operating segment in which they are located, with the exception of our retail stores which are primarily included in the Global Ventures operating segment.

The following table summarizes our principal production facilities, distribution and storage facilities, and retail stores by operating segment and Corporate as of December 31, 2019:

	Principal Concentrate and/or Syrup Plants		Principal Beverage Manufacturing/Bottling Plants		Principal Distribution and Storage Warehouses		Principal Retail Stores	
	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased
Europe, Middle East & Africa	6	—	—	—	—	25	—	12
Latin America	5	—	—	—	2	3	—	—
North America	11	—	9	1	—	38	—	—
Asia Pacific	6	—	—	—	2	—	—	—
Global Ventures	1	—	1	—	—	1	—	1,718
Bottling Investments	—	—	87	7	101	97	—	—
Corporate	3	—	—	—	—	7	—	—
Total	32	—	97	8	105	171	—	1,730

Management believes that our Company's facilities for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production capacity for their present intended purposes. The extent of utilization of such facilities varies based upon seasonal demand for our products. However, management believes that additional production can be achieved at the existing facilities by adding personnel and capital equipment and, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire or lease additional facilities and/or dispose of existing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including the proceedings specifically discussed below. Management

believes that, except as disclosed in "U.S. Federal Income Tax Dispute" below, the total liabilities of the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Aqua-Chem Litigation

On December 20, 2002, the Company filed a lawsuit (The Coca-Cola Company v. Aqua-Chem, Inc., Civil Action No. 2002CV631-50) in the Superior Court of Fulton County, Georgia ("Georgia Case"), seeking a declaratory judgment that the Company has no obligation to its former subsidiary, Aqua-Chem, Inc., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"), for any past, present or future liabilities or expenses in connection with any claims or lawsuits against Aqua-Chem. Subsequent to the Company's filing but on the same day, Aqua-Chem filed a lawsuit (Aqua-Chem, Inc. v. The Coca-Cola Company, Civil Action No. 02CV012179) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin ("Wisconsin Case"). In the Wisconsin Case, Aqua-Chem sought a declaratory judgment that the Company is responsible for all liabilities and expenses not covered by insurance in connection with certain of Aqua-Chem's general and product liability claims arising from occurrences prior to the Company's sale of Aqua-Chem in 1981, and a judgment for breach of contract in an amount exceeding $9 million for costs incurred by Aqua-Chem to date in connection with such claims. The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem.

The Company owned Aqua-Chem from 1970 to 1981. During that time, the Company purchased over $400 million of insurance coverage, which also insures Aqua-Chem for some of its prior and future costs for certain product liability and other claims. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc., in 1981 under the terms of a stock sale agreement. The 1981 agreement, and a subsequent 1983 settlement agreement, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem. Cleaver-Brooks, a division of Aqua-Chem, manufactured boilers, some of which contained asbestos gaskets. Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and currently has approximately 15,000 active claims pending against it.

The parties agreed in 2004 to stay the Georgia Case pending the outcome of insurance coverage litigation filed by certain Aqua-Chem insurers on March 26, 2004. In the coverage action, five plaintiff insurance companies filed suit (Century Indemnity Company, et al. v. Aqua-Chem, Inc., The Coca-Cola Company, et al., Case No. 04CV002852) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin, against the Company, Aqua-Chem and 16 insurance companies. Several of the policies that were the subject of the coverage action had been issued to the Company during the period (1970 to 1981) when the Company owned Aqua-Chem. The complaint sought a determination of the respective rights and obligations under the insurance policies issued with regard to asbestos-related claims against Aqua-Chem. The action also sought a monetary judgment reimbursing any amounts paid by the plaintiffs in excess of their obligations. Two of the insurers, one with a $15 million policy limit and one with a $25 million policy limit, asserted cross-claims against the Company, alleging that the Company and/or its insurers are responsible for Aqua-Chem's asbestos liabilities before any obligation is triggered on the part of the cross-claimant insurers to pay for such costs under their policies.

Aqua-Chem and the Company filed and obtained a partial summary judgment determination in the coverage action that the insurers for Aqua-Chem and the Company were jointly and severally liable for coverage amounts, but reserving judgment on other defenses that might apply. During the course of the Wisconsin insurance coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who paid funds into escrow accounts for payment of costs arising from the asbestos claims against Aqua-Chem. On July 24, 2007, the Wisconsin trial court entered a final declaratory judgment regarding the rights and obligations of the parties under the insurance policies issued by the remaining defendant insurers, which judgment was not appealed. The judgment directs, among other things, that each insurer whose policy is triggered is jointly and severally liable for 100 percent of Aqua-Chem's losses up to policy limits. The court's judgment concluded the Wisconsin insurance coverage litigation.

The Company and Aqua-Chem continued to pursue and obtain coverage agreements for the asbestos-related claims against Aqua-Chem with those insurance companies that did not settle in the Wisconsin insurance coverage litigation. The Company anticipated that a final settlement with three of those insurers ("Chartis insurers") would be finalized in May 2011, but the Chartis insurers repudiated their settlement commitments and, as a result, Aqua-Chem and the Company filed suit against them in Wisconsin state court to enforce the coverage-in-place settlement or, in the alternative, to obtain a declaratory judgment validating Aqua-Chem and the Company's interpretation of the court's judgment in the Wisconsin insurance coverage litigation.

In February 2012, the parties filed and argued a number of cross-motions for summary judgment related to the issues of the enforceability of the settlement agreement and the exhaustion of policies underlying those of the Chartis insurers. The court granted defendants' motions for summary judgment that the 2011 Settlement Agreement and 2010 Term Sheet were not binding contracts, but denied their similar motions related to plaintiffs' claims for promissory and/or equitable estoppel. On or about May 15, 2012, the parties entered into a mutually agreeable settlement/ stipulation resolving two major issues: exhaustion of underlying coverage and control of defense. On or about

January 10, 2013, the parties reached a settlement of the estoppel claims and all of the remaining coverage issues, with the exception of one disputed issue relating to the scope of the Chartis insurers' defense obligations in two policy years. The trial court granted summary judgment in favor of the Company and Aqua-Chem on that one open issue and entered a final appealable judgment to that effect following the parties' settlement. On January 23, 2013, the Chartis insurers filed a notice of appeal of the trial court's summary judgment ruling. On October 29,

2013, the Wisconsin Court of Appeals affirmed the grant of summary judgment in favor of the Company and Aqua-Chem. On November 27, 2013, the Chartis insurers filed a petition for review in the Supreme Court of Wisconsin, and on December 11, 2013, the Company filed its opposition to that petition. On April 16, 2014, the Supreme Court of Wisconsin denied the Chartis insurers' petition for review.

The Georgia Case remains subject to the stay agreed to in 2004.

U.S. Federal Income Tax Dispute

On September 17, 2015, the Company received a Statutory Notice of Deficiency (the "Notice") from the IRS for the tax years 2007 through 2009 after a five-year audit. In the Notice, the IRS claimed that the Company's U.S. taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in certain foreign markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement (the "Closing Agreement") that applied back to 1987. The Closing Agreement provided prospective penalty protection conditioned on the Company's continued adherence to the prescribed methodology absent a change in material facts or circumstances or relevant federal tax law. Although the IRS subsequently asserted, without explanation, that material facts and circumstances and relevant federal tax law had changed, it has not asserted penalties. The Company's compliance with the Closing Agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the Closing Agreement. The IRS designated the matter for litigation on October 15, 2015. Due to the fact that the matter remains designated, the Company is prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The U.S. Tax Court trial was held from March 8, 2018 through May 11, 2018. The Company and the IRS filed and exchanged final post-trial briefs in April 2019. It is not known how much time will elapse thereafter prior to the issuance of the Court's opinion. In the interim, or subsequent to the court's opinion, the IRS may propose similar adjustments for years subsequent to the 2007-2009 litigation period. While the Company continues to strongly disagree with the IRS' position, there is no assurance that the court will rule in the Company's favor, and it is possible that all or some portion of the adjustment proposed by the Notice ultimately could be sustained. In that event, the Company will be subject to significant additional liabilities for the years at issue and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations, and cash flows.

Environmental Matter

In April 2019, the Company received a Finding and Notice of Violation ("NOV") from the United States Environmental Protection Agency ("EPA") alleging that the Company violated the California Truck and Bus Regulation and the California Drayage Truck Regulation by failing to verify compliance with such regulations by certain diesel-fueled vehicles owned by third parties that the Company caused to be operated in California. The Company reached a settlement with the EPA regarding this matter under which it paid a civil penalty of $145,000.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM X. INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following are the executive officers of our Company as of February 24, 2020:

Manuel Arroyo, 52, is Chief Marketing Officer of the Company and President of the Asia Pacific Group. Mr. Arroyo first joined the Company in 1995 in Madrid in brand management and served in roles of increasing responsibility with the Company until his appointment as General Manager for Spain in 2004, a position which he held until 2006. Mr. Arroyo served as President of the South East and West Asia business unit from 2006 to 2010 and as President of the ASEAN business unit from 2010 to August 2014. Mr. Arroyo served as Senior Vice President and President, Asia Pacific, of S.C. Johnson & Son, Inc., a multinational consumer product manufacturer, from September 2014 to May 2015, and as Chief Executive Officer of Deoleo, S.A., a Spanish multinational olive oil processing company, from May 2015 until September 2016. Mr. Arroyo returned to the Company as General Manager for Iberia in February 2017 and was appointed President of the Mexico business unit in July 2017, a position in which he served until his appointment as President of the Asia Pacific Group effective January 1, 2019. Mr. Arroyo was appointed Chief Marketing Officer of the Company effective January 1, 2020 and continues to serve as President of the Asia Pacific Group.

Lisa Chang, 51, is Senior Vice President and Chief People Officer of the Company. Ms. Chang joined the Company as Chief People Officer effective March 1, 2019. Prior to joining the Company, she served as Senior Vice President and Chief Human Resources Officer for AMB Group LLC, which is the investment management and shared services arm of The Blank Family of Businesses, from 2014 through 2018. Prior to joining AMB Group LLC, Ms. Chang served as Vice President of Human Resources for International at Equifax Inc. from 2013 through 2014, where she led human resources for all of its global locations. Prior to Equifax Inc., Ms. Chang held various senior human resources positions in the media and entertainment industry with Turner Broadcasting System Inc. and The Weather Channel from 1998 through 2013. Ms. Chang was elected Senior Vice President of the Company effective March 1, 2019.

James L. Dinkins, 57, is Senior Vice President of the Company and President, Coca-Cola North America. Mr. Dinkins joined the Company in 1988, serving in various account management, marketing and field sales roles with Coca-Cola USA until July 1999. He rejoined the Company in August 2002 as Managing Director, NCAA Sports, and held positions of increasing responsibility in the Coca-Cola Foodservice and On-Premise business of Coca-Cola North America. From November 2010 to April 2014, he served as President, 7-Eleven Global Customer Team, and from April 2014 to August 2014, he served as Senior Vice President, National Retail Sales for select grocery, club and convenience retail customers. From August 2014 to May 2017, he served as Chief Retail Sales Officer for Coca-Cola North America. From May 2017 to December 2017, he served as President of the Minute Maid business unit and Chief Retail Sales Officer for Coca-Cola North America. Mr. Dinkins was appointed President of Coca-Cola North America and elected Senior Vice President of the Company effective January 1, 2018.

Nikos Koumettis, 55, is President of the Europe, Middle East and Africa Group. Mr. Koumettis joined the Company in January 2001 as Southeast Mediterranean Region General Manager for Greece and Cyprus. Mr. Koumettis served as President of the Adriatic and Balkans business unit from January 2003 to June 2008, as President of Coca-Cola Ltd. based in Canada from June 2008 to April 2011, and as President of the Central and Southern Europe business unit from April 2011 to April 2016. In April 2016, Mr. Koumettis was appointed President of the Central and Eastern Europe business unit based in Athens and continued in that position until his appointment as President of the Europe, Middle East and Africa Group effective January 1, 2019.

Robert Long, 62, is Senior Vice President and Chief Innovation Officer of the Company. Mr. Long joined the Company in April 2004 as Vice President, Global Packaging Platforms. In October 2007, he moved to Japan to lead research and development for Japan, a position he held until coming to Coca-Cola North America in August 2010 to lead research and development. In October 2012, he also assumed North America responsibility for Technical Governance (Quality, Environment, Safety and Scientific & Regulatory Affairs). Mr. Long served as Vice President, Research and Development, of the Company from December 2016 until his appointment as Chief Innovation Officer and election as Senior Vice President of the Company effective May 1, 2017.

Jennifer K. Mann, 47, is Senior Vice President of the Company and President, Global Ventures. Ms. Mann joined the Company in 1997 as Manager in the National Customer Support Division of Coca-Cola North America. She served as Vice President and General Manager of Coca-Cola Freestyle from June 2012 until October 2015, when she was appointed Chief of Staff for James Quincey, then President and Chief Operating Officer of the Company. Ms. Mann was appointed Chief People Officer and elected Senior Vice President of the Company effective May 1, 2017. She continued to serve as Chief of Staff for the Chief Executive Officer of the Company until October 2018. Ms. Mann was appointed to the additional position of President, Global Ventures, effective January 1, 2019 and continued to serve as Chief People Officer until March 1, 2019.

John Murphy, 58, is Executive Vice President and Chief Financial Officer of the Company. Mr. Murphy joined the Company in 1988 as an International Internal Auditor. In 1991, he moved to Coca-Cola Japan and served as Executive Assistant to the Chief Financial Officer. Mr. Murphy served in various finance, planning and operations roles with expanded responsibilities at

Coca-Cola Japan and subsequently worked for F&N Coca-Cola Ltd., the Coca-Cola bottling partner in Singapore. He rejoined the Company in 1996 as Region Manager in Indonesia. From March 2000 to November 2000, Mr. Murphy served as Vice President of Business Systems in Coca-Cola North America, and from December 2000 to May 2003, he served as Executive Vice President and Chief Financial Officer of Coca-Cola Japan. From June 2003 to May 2005, he served as Deputy President of Coca-Cola Japan, and in June 2005, he was appointed Vice President of Strategic Planning of the Company, a position he held until he became President of the Latin Center business unit in October 2008. Mr. Murphy was appointed President of the South Latin business unit in January 2013 and served in that role until his appointment to the position of President of the Asia Pacific Group in August 2016. Mr. Murphy was elected Senior Vice President and Deputy Chief Financial Officer of the Company effective January 1, 2019 and served in those capacities until his election as Executive Vice President and Chief Financial Officer of the Company effective March 16, 2019.

Beatriz Perez, 50, is Senior Vice President and Chief Communications, Public Affairs, Sustainability and Marketing Assets Officer of the Company. Ms. Perez joined the Company in 1996 and has served in various roles of increasing responsibility in brand and marketing management, field operations, sustainability, public affairs and communications. From April 2010 to June 2011, she served as Chief Marketing Officer for Coca-Cola North America. She served as the Company's first Chief Sustainability Officer from July 2011 to April 2017, and as Vice President, Global Partnerships and Licensing, Retail and Attractions from July 2016 to April 2017. Ms. Perez was appointed Chief Public Affairs, Communications and Sustainability Officer of the Company effective May 1, 2017 (Ms. Perez's functional title was subsequently changed to Chief Communications, Public Affairs, Sustainability and Marketing Assets Officer). Ms. Perez was elected Vice President of the Company in July 2011 and served in that capacity until her election as Senior Vice President of the Company effective May 1, 2017.

Nancy Quan, 53, is Senior Vice President and Chief Technical Officer of the Company. Ms. Quan joined the Company in May 2007 as R&D General Manager for the Europe and Eurasia Group. Ms. Quan served as Vice President, Innovation, of the Company from April 2008 to January 2010, as Vice President, R&D, for the Pacific Group from January 2010 to January 2012, and as Global R&D Officer for the Company from January 2012 to July 2016. Ms. Quan was appointed Chief Technical Officer of Coca-Cola North America in July 2016 and continued in that position until her election as Senior Vice President and Chief Technical Officer of the Company effective January 1, 2019.

James Quincey, 55, is Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Quincey joined the Company in 1996 as Director, Learning Strategy for the Latin America Group. He went on to serve in a series of operational roles of increasing responsibility in Latin America, leading to his appointment as President of the South Latin Division in December 2003, a position in which he served until his appointment as President of the Mexico Division in December 2005. In October 2008, he was named President of the Northwest Europe and Nordics business unit and served in that role until he was appointed President of the Europe Group in January 2013. He was elected President and Chief Operating Officer of the Company effective August 2015 and President and Chief Executive Officer of the Company effective May 1, 2017. Mr. Quincey served as President until December 2018. Mr. Quincey was first elected to the Board of Directors of the Company in April 2017. In December 2018, the Board of Directors elected Mr. Quincey to serve as Chairman of the Board of Directors of the Company effective upon his re-election as a Director at the Annual Meeting of Shareowners of the Company held on April 24, 2019.

Alfredo Rivera, 58, is President of the Latin America Group. Mr. Rivera joined the Company in April 1997 as a District Manager for Guatemala and El Salvador. In July 1999, he was appointed Southeast Region Manager in the Brazil Division, serving in this role until December 2003. From January 2004 to August 2006, he served as General Manager for the Ecuador business. From September 2006 to December 2012, Mr. Rivera served as Sparkling Beverages General Manager for the Mexico business unit. In January 2013, he was appointed President of the Latin Center business unit and served in that role until his appointment to his current position in August 2016.

Barry Simpson, 59, is Senior Vice President and Chief Information and Integrated Services Officer of the Company. In 2008, Mr. Simpson joined the Coca-Cola system, where he served as Chief Information Officer of Coca-Cola Amatil Limited, a Coca-Cola bottler based in Sydney, Australia, until December 2015. He joined the Company in January 2016 as the head of Global Business Unit Information Technology Services. Mr. Simpson was appointed Chief Information Officer in October 2016 and was elected Senior Vice President of the Company in December 2016. Effective January 1, 2019, Mr. Simpson's duties were expanded to include oversight of portions of the Company's Enabling Services organization and his title was changed to Senior Vice President and Chief Information and Integrated Services Officer of the Company.

Brian Smith, 64, is President and Chief Operating Officer of the Company. Mr. Smith joined the Company in 1997 as Latin America Group Manager for Mergers and Acquisitions, a role he held until July 2001. From 2001 to 2002, he

worked as Executive Assistant to Brian Dyson, then Chief Operating Officer and Vice Chairman of the Company. Mr. Smith served as President of the Brazil Division from 2002 to 2008 and President of the Mexico business unit from 2008 through December 2012. Mr. Smith served as President of the Latin America Group from January 2013 to August 2016 and as President of the

Europe, Middle East and Africa Group from August 2016 until his election as President and Chief Operating Officer of the Company effective January 1, 2019.

All executive officers serve at the pleasure of the Board of Directors. There is no family relationship between any of the Directors or executive officers of the Company.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal United States market in which the Company's common stock is listed and traded is the New York Stock Exchange and the corresponding trading symbol is "KO."

While we have historically paid dividends to holders of our common stock on a quarterly basis, the declaration and payment of future dividends will depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and are at the discretion of our Board of Directors.

As of February 19, 2020, there were 200,770 shareowner accounts of record. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" in the Company's definitive Proxy Statement for the Annual Meeting of Shareowners to be held on April 22, 2020 ("Company's 2020 Proxy Statement"), to be filed with the Securities and Exchange Commission, is incorporated herein by reference.

During the year ended December 31, 2019, no equity securities of the Company were sold by the Company that were not registered under the Securities Act of 1933, as amended.

The following table presents information with respect to purchases of common stock of the Company made during the three months ended December 31, 2019 by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan[2]	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans[3]
September 28, 2019 through October 25, 2019	955,091	$ 54.22	945,000	167,390,321
October 26, 2019 through November 22, 2019	3,769,586	52.92	3,770,300	163,620,021
November 23, 2019 through December 31, 2019	4,131,840	54.16	2,590,354	161,029,667
Total	8,856,517	$ 53.64	7,305,654	

[1] The total number of shares purchased includes: (i) shares purchased pursuant to the 2012 Plan described in footnote 2 below and (ii) shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees.

[2] On October 18, 2012, the Company publicly announced that our Board of Directors had authorized a plan ("2012 Plan") for the Company to purchase up to 500 million shares of our common stock. This column discloses the number of shares purchased pursuant to the 2012 Plan during the indicated time periods (including shares purchased pursuant to the terms of preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act).

[3] On February 21, 2019, the Company publicly announced that our Board of Directors had authorized a new plan ("2019 Plan") for the Company to purchase up to 150 million shares of our common stock following the completion of the 2012 Plan. This column discloses the number of shares available for purchase under the 2012 Plan and the number of shares authorized for purchase under the 2019 Plan.

Performance Graph

Comparison of Five-Year Cumulative Total Return Among
The Coca-Cola Company, the Peer Group Index and the S&P 500 Index

Total Return
Stock Price Plus Reinvested Dividends

chart-93f93419317bfe4db8b.jpg

December 31,	2014	2015	2016	2017	2018	**2019**
The Coca-Cola Company	$ 100	$ 105	$ 105	$ 120	$ 128	**$ 154**
Peer Group Index	100	113	125	139	113	**140**
S&P 500 Index	100	101	114	138	132	**174**

The total return assumes that dividends were reinvested daily and is based on a $100 investment on December 31, 2014.

The Peer Group Index is a self-constructed peer group of companies that are included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index, from which the Company has been excluded.

The Peer Group Index consists of the following companies: Altria Group, Inc., Archer Daniels Midland Company, Beyond Meat, Inc., The Boston Beer Company, Inc., Brown-Forman Corporation, Bunge Limited, Campbell Soup Company, Conagra Brands, Inc., Constellation Brands, Inc., Darling Ingredients Inc., Flowers Foods, Inc., General Mills, Inc., The Hain Celestial Group, Inc., Herbalife Nutrition Ltd., The Hershey Company, Hormel Foods Corporation, Ingredion Incorporated, Jefferies Financial Group Inc., Kellogg Company, The Kraft Heinz Company, Keurig Dr Pepper Inc., Lamb Weston Holdings, Inc., Lancaster Colony Corporation, McCormick & Company, Incorporated, Molson Coors Brewing Company, Mondelēz International, Inc., Monster Beverage Corporation, National Beverage Corp., PepsiCo, Inc., Performance Food Group Company, Philip Morris International Inc., Pilgrim's Pride Corporation, Post Holdings, Inc., Seaboard Corporation, The J.M. Smucker Company, TreeHouse Foods, Inc., Tyson Foods, Inc. and US Foods Holding Corp.

Companies included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index change periodically. In 2019, the Dow Jones Food & Beverage Index and the Peer Group Index included Beyond Meat, Inc. and The Boston Beer Company, Inc., which were not included in the indices in 2018. Additionally, in 2019, these indices do not include B&G Foods, Inc., which was included in the indices in 2018.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report.

Year Ended December 31,	**2019**	2018	2017	2016	2015
(In millions except per share data)					
Summary of Operations					
Net operating revenues	**$ 37,266**	$ 34,300	$ 36,212	$ 41,863	$ 44,294
Consolidated net income	**8,985**	6,476	1,283	6,550	7,366
Net income attributable to shareowners of The Coca-Cola Company	**8,920**	6,434	1,248	6,527	7,351
Per Share Data					
Basic net income	**$ 2.09**	$ 1.51	$ 0.29	$ 1.51	$ 1.69
Diluted net income	**2.07**	1.50	0.29	1.49	1.67
Cash dividends	**1.60**	1.56	1.48	1.40	1.32
Balance Sheet Data					
Total assets	**$ 86,381**	$ 83,216	$ 87,896	$ 87,270	$ 89,996
Long-term debt	**27,516**	25,376	31,202	29,684	28,311

The Company's results are impacted by acquisitions and divestitures. Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

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

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand The Coca-Cola Company, our operations and our present business environment. MD&A is provided as a supplement to — and should be read in conjunction with — our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report. This overview summarizes the MD&A, which includes the following sections:

- *Our Business* — a general description of our business and the nonalcoholic beverage segment of the commercial beverage industry; our platform for sustained performance; our core capabilities; and challenges and risks of our business.

- *Critical Accounting Policies and Estimates* — a discussion of accounting policies that require critical judgments and estimates.

- *Operations Review* — an analysis of our Company's consolidated results of operations for the three years presented in our consolidated financial statements. Except to the extent that differences among our operating segments are material to an understanding of our business as a whole, we present the discussion on a consolidated basis.

- *Liquidity, Capital Resources and Financial Position* — an analysis of cash flows; off-balance sheet arrangements and aggregate contractual obligations; foreign exchange; and the impact of inflation and changing prices.

Our Business

General

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our independent network of bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for 2.0 billion of the approximately 61 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage choices to meet their desires, needs and lifestyle choices. Our success further depends on the ability of our people to execute effectively, every day.

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our domestic and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with sweeteners (depending on the product), still water or sparkling water, or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers. These operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

The following table sets forth the percentage of total net operating revenues related to concentrate operations and finished product operations:

Year Ended December 31,	**2019**	2018	2017
Concentrate operations	**55 %**	58 %	50 %
Finished product operations	**45**	42	50
Total	**100 %**	100 %	100 %

The following table sets forth the percentage of total worldwide unit case volume related to concentrate operations and finished product operations:

Year Ended December 31,	**2019**	2018	2017
Concentrate operations	**83 %**	82 %	77 %
Finished product operations	**17**	18	23
Total	**100 %**	100 %	100 %

The Nonalcoholic Beverage Segment of the Commercial Beverage Industry

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. We face strong competition from numerous other general and specialty beverage companies. We, along with other beverage companies, are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, consumer spending, economic conditions, availability and quality of water, consumer preferences, inflation, political climate, local and national laws and regulations, foreign currency fluctuations, fuel prices and weather patterns.

Our Platform for Sustained Performance

We have established a platform for sustained performance centered around disciplined portfolio growth; an aligned and engaged bottling system; and winning with our stakeholders — all supported by revenue growth management and brand-building initiatives.

Disciplined Portfolio Growth

- Continuous innovation to offer consumers more personalized product solutions that match their tastes and lifestyles
- Leveraging the Coca-Cola system to lift, shift and scale leading brands and winning concepts quickly and efficiently around the world
- Utilizing mergers and acquisitions opportunities that strike the right balance between strategic rationale, financial returns and risk profile as an enabler to further our growth strategy

An Aligned and Engaged Bottling System

- Strategically aligned bottling partners with a sharper focus on value growth rather than volume growth
- Gaining efficiencies through scale and improved supply chains
- Strong marketplace execution across the bottling system
- A winning culture

Winning with Our Stakeholders

- Succeeding as a company by empowering our employees, satisfying consumers with a wide variety of beverage options, and providing solutions to grow our customers' beverage businesses
- Making a positive difference in the communities where we operate

- Helping to create value for all of our stakeholders for a better shared future

Underpinning our platform for sustained performance are three enablers: digitizing the enterprise; fostering a growth culture; and growing sustainably.

Digitizing the Enterprise

The digital evolution is changing consumers' behaviors, influencing the way consumers think, interact and ultimately how they shop. We believe this evolution impacts every aspect of the Coca-Cola system and creates an opportunity to partner in different ways with our customers and re-engineer our supply chain and route-to-market.

Fostering a Growth Culture

We believe that sustainable and profitable growth is the product of a strong culture, with a focus on our employees, customers and consumers worldwide. As we move our business into the future, we will continue to drive a growth culture centered around curiosity, empowerment, inclusion and agility. Our belief is that focusing on these behaviors will enhance our associates' work performance and help us become a more growth-minded company.

Growing Sustainably

We are focused on giving people the drinks they want while trying to improve the world we all share, turning our passion for consumers into brands people love and creating shared opportunities through growth. We act in ways which we believe will create a more sustainable and better shared future for all of our stakeholders. We attempt to make a positive difference in peoples' lives, communities and our planet by doing business the right way.

Core Capabilities

To support our platform for sustained performance, we must continue to enhance our core capabilities of consumer marketing, commercial leadership and franchise leadership.

Consumer Marketing

Marketing investments are designed to enhance consumer awareness of, and increase consumer preference for, our brands. Successful marketing investments produce long-term growth in unit case volume, per capita consumption and our share of worldwide nonalcoholic beverage sales. Through our relationships with our bottling partners and those who sell our products in the marketplace, we create and implement integrated marketing programs, both globally and locally, that are designed to heighten consumer awareness of and product appeal for our brands. In developing a strategy for a Company brand, we conduct product and packaging research, establish brand positioning, develop precise consumer communications and solicit consumer feedback. Our integrated marketing activities include, but are not limited to, advertising, point-of-sale merchandising and sales promotions.

We are focusing on marketing strategies to drive volume growth in emerging markets, increase our brand value in developing markets and grow net operating revenues and profit in our developed markets. In emerging markets, we are investing in infrastructure programs that drive volume through increased access to consumers. In developing markets, where consumer access has largely been established, our focus is on differentiating our brands. In our developed markets, we continue to invest in brands and infrastructure programs but generally at a slower rate than gross profit growth.

Commercial Leadership

The Coca-Cola system has millions of customers around the world who sell or serve our products directly to consumers. We focus on enhancing value for our customers and providing solutions to grow their beverage businesses. Our approach includes understanding each customer's business and needs — whether that customer is a sophisticated retailer in a developed market or a kiosk owner in an emerging market. We focus on ensuring that our customers have the right product and package offerings and the right promotional tools to create enhanced value for themselves and the Company. We are constantly looking to build new beverage consumption occasions in our customers' outlets through unique and innovative consumer experiences, product availability and delivery systems, and beverage merchandising and displays. We participate in brand-building initiatives with our customers in order to drive consumer preference for our brands. Through our commercial leadership initiatives, we embed ourselves further into our retail customers' businesses while developing strategies for better execution at the point of sale.

Franchise Leadership

We must continue to improve our franchise leadership capabilities to give our Company and our bottling partners the ability to grow together through shared values, aligned incentives and a sense of urgency and flexibility that supports consumers' always changing needs and tastes. The financial health and success of our bottling partners are critical components of the Company's success. We work with our bottling partners to identify processes that enable us to quickly achieve scale and efficiencies, and we share best practices throughout the bottling system. With our bottling partners, we work to produce differentiated beverages and packages that are appropriate for the right channels and consumers. We also design business models in specific markets to ensure that we appropriately share the value created by our beverages with our bottling partners. We must also continue to build a supply chain network that leverages the size and scale of the Coca-Cola system to gain a competitive advantage.

Challenges and Risks

Being global provides unique opportunities for our Company. Challenges and risks accompany those opportunities. Our management has identified certain challenges and risks that demand the attention of the nonalcoholic beverage

segment of the commercial beverage industry and our Company. Of these, five key challenges and risks are discussed below.

Obesity

The rates of obesity affecting communities, cultures and countries worldwide continue to be too high. There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. This concern represents a significant challenge to our industry. We understand and recognize that obesity is a complex public health challenge and are committed to being a part of the solution.

We recognize the uniqueness of consumers' lifestyles and dietary choices. Commercially, we continue to:

- offer reduced-, low- and no-calorie beverage options;
- provide transparent nutrition information, featuring calories on the front of most of our packages;
- provide our beverages in a range of packaging sizes; and
- market responsibly, including no advertising targeted to children under 12.

The heritage of our Company is to lead, and innovation is critical for leadership. As such, we are resolute in continuing to innovate and are committed to partnering to find winning solutions in the area of noncaloric sweeteners. This includes working to reduce sugar and calories in many of our beverages. We want to be a more helpful and credible partner in the fight against obesity. Across the Coca-Cola system, we are mobilizing our assets in marketing and in community outreach to increase awareness and spur action.

Evolving Consumer Preferences

We are impacted by shifting consumer demographics and needs, on-the-go lifestyles and consumers who are empowered with more information than ever. As a consequence of these changes, many consumers want more choices, personalization, a focus on sustainability and recyclability, and transparency related to our products and packaging. We are committed to meeting their needs and to generating new growth through our portfolio of more than 500 brands and more than 4,700 beverage products (including more than 1,600 low- and no-calorie products), new product offerings, innovative and sustainable packaging, and ingredient education efforts. We are also committed to continuing to expand the variety of choices we provide to consumers and to providing options that reflect consumer concerns about impacts to our planet.

Increased Competition and Capabilities in the Marketplace

Our Company faces strong competition from well-established global companies as well as numerous regional and local companies. Additionally, the rapidly evolving digital landscape and growth of e-commerce has led to dramatic shifts in consumer shopping patterns and presents new challenges to competitively maintain the relevancy of our brands. We must continuously strengthen our capabilities in marketing and innovation in order to compete in a digital environment and maintain our brand loyalty and market share while we selectively expand into other profitable categories of the nonalcoholic beverage segment of the commercial beverage industry.

Product Safety and Quality

We strive to meet the highest standards in both product safety and product quality. We are aware that some consumers have concerns and negative viewpoints regarding certain ingredients used in our products. The Coca-Cola system works every day to share safe and refreshing beverages with consumers around the world. We have rigorous product and ingredient safety and quality standards designed to ensure safety and quality in each of our products, and we drive innovation that provides new beverage options to meet consumers' evolving needs and preferences. Across the Coca-Cola system, we take great care in an effort to ensure that every one of our beverages meets the highest standards for safety and quality.

We work to ensure consistent safety and quality through strong governance and compliance with applicable regulations and standards. We stay current with new regulations, industry best practices and marketplace conditions, and we engage with standard-setting and industry organizations. Additionally, we manufacture and distribute our products according to strict policies, requirements and specifications set forth in an integrated quality management program that continually measures all operations within the Coca-Cola system against the same stringent standards. Our quality management system also identifies and mitigates risks and drives improvement. In our quality laboratories, we stringently measure the quality attributes of ingredients as well as samples of finished products collected from the marketplace.

We perform due diligence to ensure that product and ingredient safety and quality standards are maintained in the more than 200 countries and territories where our products are sold. We regularly assess the relevance of our requirements and standards and continually work to improve and refine them across our entire supply chain.

Ingredient Quality and Quantity

Water quality and quantity is an issue that requires our Company's sustained attention and collaboration with other companies, suppliers, governments, nongovernmental organizations and communities where we operate. Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a critical natural resource facing unprecedented challenges from overexploitation, increased food demand, increasing pollution, poor management and the effects of climate change.

Our Company regularly assesses the specific water-related risks that we and many of our bottling partners face and has implemented a formal water risk management program. Mitigation of water risk forms the basis of our water stewardship strategic framework. This strategy is executed at the local level where we operate and includes the following elements: water use efficiency and wastewater treatment in manufacturing operations; shared watershed protection efforts; engaging local communities; and addressing water resource management in our agricultural ingredient supply chain. Such efforts are conducted in collaboration and partnership with others and are intended to help address local needs. Many of these efforts help us in achieving our goal of replenishing the water that we and our bottling partners source and use in our finished products. We are also collaborating with other companies, governments, nongovernmental organizations and communities to advocate for needed water policy reforms and action to protect water availability and quality around the world.

Through these integrated programs, we believe that our Company can leverage the water-related knowledge we have developed in the communities we serve through source water availability assessments and planning, water resource management, water treatment, wastewater treatment systems and models for working with communities and partners in addressing water and sanitation needs. As demand for water continues to increase around the world, we expect continued action on our part will help with the successful long-term stewardship of this critical natural resource, both for our business and the communities we serve.

In addition, increased demand for commodities and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products and could impact the food security of communities around the world. We are dedicated to implementing our sustainable sourcing commitment, which is founded on principles that protect the environment, uphold workplace rights and help build more sustainable communities. To support this commitment, our programs focus on economic opportunity, with an emphasis on female farmers, and environmental sustainability designed to help address these agricultural challenges. Through joint efforts with farmers, communities, bottlers, suppliers and key partners, as well as our increased and continued investment in sustainable agriculture, we can together help make a positive strategic impact on food security.

All of these challenges and risks — obesity; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality; and ingredient quality and quantity — have the potential to have a material adverse effect on the nonalcoholic beverage segment of the commercial beverage industry and on our Company; however, we believe our Company is well positioned to appropriately address these challenges and risks.

Coronavirus Impact

Beginning in January 2020, concerns related to the spread of the novel coronavirus COVID-19 have caused a disruption to our business, primarily in China. While we currently expect this business disruption to be temporary, there is uncertainty around its duration and its broader impact, and therefore the effects it will have on our business. However, based on our current expectations, we believe this disruption will negatively impact our unit case volume and financial results for the first quarter of 2020. At this time, we do not expect this disruption to have a significant impact on our full year 2020 unit case volume or financial results.

See also "Item 1A. Risk Factors" in Part I of this report for additional information about risks and uncertainties facing our Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We believe our most critical accounting policies and estimates relate to the following:

- Principles of Consolidation
- Recoverability of Current and Noncurrent Assets
- Pension Plan Valuations
- Revenue Recognition
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of the Company's Board of Directors. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. For a discussion of the Company's significant accounting policies, refer to Note 1 of Notes to Consolidated Financial Statements.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 13 of Notes to Consolidated Financial Statements. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Recoverability of Current and Noncurrent Assets

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate, particularly in developing and emerging markets. Refer to the heading "Our Business — Challenges and Risks" above and "Item 1A. Risk Factors" in Part I of this report. As a result, management must make numerous assumptions which involve a significant amount of judgment when completing recoverability and impairment tests of current and noncurrent assets in various regions around the world.

We perform recoverability and impairment tests of current and noncurrent assets in accordance with U.S. GAAP. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

Our equity method investees also perform such recoverability and/or impairment tests. If an impairment charge is recorded by one of our equity method investees, the Company records its proportionate share of such charge as a reduction of equity income (loss) — net in our consolidated statement of income. However, the actual amount we record with respect to our proportionate share of such charge may be impacted by items such as basis differences, deferred taxes and deferred gains.

The assessment of recoverability and the performance of impairment tests of current and noncurrent assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability of current and noncurrent assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe would be consistent with what a market participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions occur in future periods, future impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Investments in Equity and Debt Securities

Effective January 1, 2018, we adopted Accounting Standards Update ("ASU") *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which requires us to measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in earnings. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis.

Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as either trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in accumulated other comprehensive income (loss) ("AOCI"), net of tax. Equity securities without readily determinable fair values were recorded at cost.

Our investments in debt securities are carried at either amortized cost or fair value. The cost basis is determined by the specific identification method. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of AOCI, except for the change in fair value attributable to the currency risk being hedged, if applicable, which is included in net income.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Similarly, prior to the adoption of ASU 2016-01, equity investments classified as trading were not tested for impairment. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are, and prior to the adoption of ASU 2016-01 equity securities classified as available-for-sale and cost method investments were, reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each

investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For

investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe market participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Property, Plant and Equipment

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount or remaining useful life of property, plant and equipment should be assessed, including, among others, the manner or length of time in which the Company intends to use the asset, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions we believe a market participant would use.

Goodwill, Trademarks and Other Intangible Assets

Intangible assets are classified into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. For intangible assets with definite lives, tests for impairment must be performed if conditions exist that indicate the carrying value may not be recoverable. For intangible assets with indefinite lives and goodwill, tests for impairment must be performed at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The assessment of recoverability and the performance of impairment tests of intangible assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability of intangible assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe would be consistent with what a market participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions exist in future periods, future impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Intangible assets acquired in recent transactions are naturally more susceptible to impairment, primarily due to the fact that they are recorded at fair value based on recent operating plans and macroeconomic conditions present at the time of acquisition. Consequently, if operating results and/or macroeconomic conditions deteriorate shortly after an acquisition, it could result in the impairment of the acquired assets. A deterioration of macroeconomic conditions may not only negatively impact the estimated operating cash flows used in our cash flow models but may also negatively impact other assumptions used in our analyses, including, but not limited to, the estimated cost of capital and/or discount rates. Additionally, as discussed above, in accordance with U.S. GAAP, we are required to ensure that assumptions used to determine fair value in our analyses are consistent with the assumptions that we believe a

market participant would use. As a result, the cost of capital and/or discount rates used in our analyses may increase or decrease based on market conditions and trends, regardless of whether our

Company's actual cost of capital has changed. Therefore, if the cost of capital and/or discount rates change, our Company may recognize an impairment of an intangible asset in spite of realizing actual cash flows that are approximately equal to, or greater than, our previously forecasted amounts.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our geographic operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. Our Global Ventures operating segment includes the results of our Costa, innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster, each of which is its own reporting unit. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a market participant would use. The Company has the option to perform a qualitative assessment of goodwill rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further assessment.

When events or circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset or asset group, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe a market participant would use.

We test indefinite-lived intangible assets, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that an asset may be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe a market participant would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

Pension Plan Valuations

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates and participate in multi-employer pension plans in the United States. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

Management is required to make certain critical estimates related to actuarial assumptions used to determine our net periodic pension cost and pension obligations. We believe the most critical assumptions are (1) the discount rate used to determine the present value of the liabilities and (2) the expected long-term rate of return on plan assets. All of our actuarial assumptions are reviewed annually, or more frequently to the extent that a settlement or curtailment occurs. Changes in these assumptions could have a material impact on the measurement of our net periodic pension cost and pension obligations.

At each measurement date, we determine the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future benefit payments we anticipate making under the plans.

The Company measures the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows.

The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our long-term rates. Our pension plan investment objective is to ensure all of our plans have sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to improve returns and manage risk.

In 2019, the Company's total income related to defined benefit pension plans was $2 million, which included $10 million of net periodic benefit income and $8 million of settlement charges and special termination benefit costs. In 2020, we expect our net periodic benefit income related to defined benefit pension plans to be approximately $69 million. We currently do not expect to incur any settlement charges or special termination benefit costs in 2020. The increase in 2020 expected net periodic benefit income is primarily due to favorable asset performance in 2019 and a reduction in the number of plan participants in the primary U.S. pension plan, partially offset by a decrease in the weighted-average discount rate at December 31, 2019 compared to December 31, 2018. The estimated impact of a 50 basis-point decrease in the discount rate would result in a $19 million decrease in our 2020 net periodic benefit income. Additionally, the estimated impact of a 50 basis-point decrease in the expected long-term rate of return on plan assets would result in a $25 million decrease in our 2020 net periodic benefit income.

The sensitivity information provided above is based only on changes to the actuarial assumptions used for our U.S. pension plans. As of December 31, 2019, the Company's primary U.S. pension plan represented 61 percent of both the Company's consolidated projected benefit obligation and plan assets. Refer to Note 15 of Notes to Consolidated Financial Statements for additional information about our pension plans and related actuarial assumptions.

Revenue Recognition

Effective January 1, 2018, we adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"). Refer to Note 3 of Notes to Consolidated Financial Statements. Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates, syrups or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Upon transfer of control to the customer, which completes our performance obligation, revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrate are sold, and package mix. The amounts associated with the arrangements described above are defined as variable consideration under ASC 606, an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates.

Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectibility was reasonably assured. For our Company, this generally meant that we recognized revenue when title to our products was transferred to our bottling partners, resellers or other customers. Title usually transferred upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of each transaction. Our sales terms did not

allow for a right of return except for matters related to any manufacturing defects on our part. Our customers could earn certain incentives which were included in deductions from

revenue, a component of net operating revenues in our consolidated statement of income. These incentives included, but were not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. In preparing the financial statements, management made estimates related to the contractual terms, customer performance and sales volume to determine the total amounts recorded as deductions from revenue. Management also considered past results in making such estimates. The actual amounts ultimately paid may have been different from our estimates. Such differences were recorded once they were determined and historically were not significant. Refer to Note 3 of Notes to Consolidated Financial Statements.

Income Taxes

Our annual effective tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax expense and in evaluating our tax positions. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that the position becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without considerations of the possibility of offset or aggregation with other tax positions taken. We adjust these reserves, including any impact on the related interest and penalties, in light of changing facts and circumstances, such as the progress of a tax audit. Refer to the heading "Operations Review — Income Taxes" below and Note 16 of Notes to Consolidated Financial Statements.

A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Settlement of any particular issue would usually require the use of cash. Refer to Note 13 of Notes to Consolidated Financial Statements.

Tax law requires certain items to be included in the tax return at different times than when these items are reflected in the consolidated financial statements. As a result, the annual effective tax rate reflected in our consolidated financial statements is different from that reported in our tax return (our cash tax rate). Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences reverse over time, such as depreciation expense. These timing differences create deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities. The tax rates used to determine deferred tax assets or liabilities are the enacted tax rates in effect for the year and for the manner in which the differences are expected to reverse. Based on the evaluation of all available information, the Company recognizes future tax benefits, such as net operating loss carryforwards, to the extent that realizing these benefits is considered more likely than not.

We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing our forecasted taxable income using both historical and projected future operating results; the reversal of existing taxable temporary differences; taxable income in prior carryback years (if permitted); and the availability of tax planning strategies. A valuation allowance is required to be established unless management determines that it is more likely than not that the Company will ultimately realize the tax benefit associated with a deferred tax asset.

The Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign subsidiaries to the extent that the basis difference meets the indefinite reversal criteria. These criteria are met if the foreign subsidiary has invested, or will invest, the undistributed earnings indefinitely. The decision as to the amount of undistributed earnings that the Company intends to maintain in non-U.S. subsidiaries takes into account items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans, capital improvement programs, merger and acquisition plans, and planned loans to other non-U.S. subsidiaries. The Company also evaluates its expected cash requirements in the United States. Other factors that can influence that determination are local restrictions on remittances (for example, in some countries a central bank application and approval are required in order for the Company's local country subsidiary to pay a dividend), economic stability and asset risk. Refer to Note 16 of Notes to Consolidated Financial Statements.

Operations Review

Our organizational structure consists of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Global Ventures; and Bottling Investments. Our operating structure also includes Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance; and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence. For further information regarding our operating segments, refer to Note 21 of Notes to Consolidated Financial Statements.

Structural Changes, Acquired Brands and Newly Licensed Brands

In order to continually improve upon the Company's operating performance, from time to time, we engage in buying and selling ownership interests in bottling partners and other manufacturing operations. In addition, we also acquire brands or enter into license agreements for certain brands to supplement our beverage offerings. These items impact our operating results and certain key metrics used by management in assessing the Company's performance.

Unit case volume growth is a metric used by management to evaluate the Company's performance because it measures demand for our products at the consumer level. The Company's unit case volume represents the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers and, therefore, reflects unit case volume for both consolidated and unconsolidated bottlers. Refer to the heading "Beverage Volume" below.

Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in equivalent unit cases) sold by, or used in finished products sold by, the Company to its bottling partners or other customers. Refer to the heading "Beverage Volume" below.

When we analyze our net operating revenues we generally consider the following factors: (1) volume growth (concentrate sales volume or unit case volume, as applicable); (2) changes in price, product and geographic mix; (3) foreign currency fluctuations; and (4) acquisitions and divestitures (including structural changes defined below), as applicable. Refer to the heading "Net Operating Revenues" below. The Company sells concentrates and syrups to both consolidated and unconsolidated bottling partners. The ownership structure of our bottling partners impacts the timing of recognizing concentrate revenue and concentrate sales volume. When we sell concentrates or syrups to our consolidated bottling partners, we are not able to recognize the concentrate revenue or concentrate sales volume until the bottling partner has sold finished products manufactured from the concentrates or syrups to a third party or independent customer. When we sell concentrates or syrups to our unconsolidated bottling partners, we recognize the concentrate revenue and concentrate sales volume when the concentrates or syrups are sold to the bottling partner. The subsequent sale of the finished products manufactured from the concentrates or syrups to a third party or independent customer does not impact the timing of recognizing the concentrate revenue or concentrate sales volume. When we account for an unconsolidated bottling partner as an equity method investment, we eliminate the intercompany profit related to these transactions to the extent of our ownership interest until the equity method investee has sold finished products manufactured from the concentrates or syrups to a third party or independent customer. We typically report unit case volume when finished products manufactured from the concentrates or syrups are sold to a third party or independent customer regardless of our ownership interest in the bottling partner.

We generally refer to acquisitions and divestitures of bottling partners as structural changes, which are a component of acquisitions and divestitures. Typically, structural changes do not impact the Company's unit case volume or concentrate sales volume on a consolidated basis or at the geographic operating segment level. We recognize unit case volume for all sales of Company beverage products, with the exception of Costa non-ready-to-drink products, regardless of our ownership interest in the bottling partner, if any. However, the unit case volume reported by our Bottling Investments operating segment is generally impacted by structural changes because it only includes the unit case volume of our consolidated bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Company's acquisitions and divestitures.

"Acquired brands" refers to brands acquired during the past 12 months. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to acquired brands in periods prior to the closing of a transaction. Therefore, the unit case volume and concentrate sales volume related to these brands is incremental to prior year volume. We generally do not consider the acquisition of a brand to be a structural change.

"Licensed brands" refers to brands not owned by the Company, but for which we hold certain rights, generally including, but not limited to, distribution rights, and from which we derive an economic benefit when the products are sold. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to these brands in periods prior to the beginning of the term of a license agreement. Therefore, in the year that a license agreement is entered into, the unit case

volume and concentrate sales volume related to the brand is incremental to prior year volume. We generally do not consider the licensing of a brand to be a structural change.

In 2019, the Company acquired Costa and the remaining equity interest in C.H.I. Limited ("CHI"). The impact of these acquisitions has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the Global Ventures and Europe, Middle East and Africa operating segments. Other acquisitions by the Company included controlling interests in bottling operations in Zambia, Kenya and Eswatini. The impact of these acquisitions has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Europe, Middle East and Africa operating segments.

Also in 2019, the Company refranchised certain of its bottling operations in India. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Asia Pacific operating segments.

In 2018, the Company acquired a controlling interest in the Philippine bottling operations, which was previously accounted for as an equity method investee. The impact of this acquisition has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Asia Pacific operating segments. The Company also acquired a controlling interest in the franchise bottler in Oman. The impact of this acquisition has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Europe, Middle East and Africa operating segments. Other acquisitions by the Company included controlling interests in bottling operations in Zambia and Botswana. The impact of these acquisitions has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Europe, Middle East and Africa operating segments.

Also in 2018, the Company refranchised our Canadian and Latin American bottling operations. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our North America, Latin America and Bottling Investments operating segments. In addition, for non-Company-owned and licensed brands sold in the Canadian refranchised territories for which the Company no longer reports unit case volume, we have eliminated the unit case volume from the base year when calculating 2018 versus 2017 volume growth rates on a consolidated basis as well as for the North America and Bottling Investments operating segments. Refer to the headings "Beverage Volume" and "Net Operating Revenues" below.

In 2017, Anheuser-Busch InBev's ("ABI") controlling interest in Coca-Cola Beverages Africa Proprietary Limited ("CCBA") was transitioned to the Company, resulting in CCBA's consolidation. The impact of this transaction has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Europe, Middle East and Africa and Bottling Investments operating segments.

Also in 2017, the Company refranchised its bottling operations in China to the two local franchise bottlers. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Asia Pacific and Bottling Investments operating segments.

Throughout 2017, the Company refranchised bottling territories in the United States that were previously managed by CCR to certain of our unconsolidated bottling partners. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our North America and Bottling Investments operating segments.

Beverage Volume

We measure the volume of Company beverage products sold in two ways: (1) unit cases of finished products and (2) concentrate sales. As used in this report, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings); and "unit case volume" means the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers. Unit case volume primarily consists of beverage products bearing Company trademarks. Also included in unit case volume are certain products licensed to, or distributed by, our Company, and brands owned by Coca-Cola system bottlers for which our Company provides marketing support and from the sale of which we derive economic benefit. In addition, unit case volume includes sales by certain joint ventures in which the Company has an equity interest. 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. The unit case volume numbers used in this report are derived based on estimates received by the Company from its bottling partners and distributors. Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in equivalent unit cases) sold by, or used in finished beverages sold by, the Company to its bottling partners or other customers. Unit case volume and concentrate sales volume growth rates are not necessarily equal during any given

period. Factors such as seasonality, bottlers' inventory practices, supply point changes, timing of price increases, new product

introductions and changes in product mix can create differences between unit case volume and concentrate sales volume growth rates. In addition to the items mentioned above, the impact of unit case volume from certain joint ventures in which the Company has an equity interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals, may give rise to differences between unit case volume and concentrate sales volume growth rates. With the exception of ready-to-drink products, the Company does not report unit case volume or concentrate sales volume for Costa, a component of the Global Ventures operating segment.

Information about our volume growth worldwide and by operating segment is as follows:

	Percent Change			
	2019 versus 2018		2018 versus 2017	
Year Ended December 31,	**Unit Cases[1,2]**	**Concentrate Sales**	Unit Cases[1,2]	Concentrate Sales
Worldwide	**2 %**	**2 %** [4]	2 %	3 %
Europe, Middle East & Africa	**2 %**	**1 %**	2 %	6 % [8]
Latin America	**1**	**1**	—	1
North America	**—**	**(1)** [5]	—	(2) [9]
Asia Pacific	**5**	**4** [6]	4	4 [10]
Global Ventures	**7**	**8**	8	7
Bottling Investments	**24** [3]	**N/A**	(15) [7]	N/A

[1] Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only.

[2] Geographic operating segment data reflects unit case volume growth for all bottlers, both consolidated and unconsolidated, and distributors in the applicable geographic areas.

[3] After considering the impact of structural changes, unit case volume for Bottling Investments for the year ended December 31, 2019 grew 6 percent.

[4] After considering the impact of acquisitions and divestitures, worldwide concentrate sales volume for the year ended December 31, 2019 grew 1 percent.

[5] After considering the impact of acquisitions and divestitures, concentrate sales volume for North America for the year ended December 31, 2019 was even.

[6] After considering the impact of acquisitions and divestitures, concentrate sales volume for Asia Pacific for the year ended December 31, 2019 grew 5 percent.

[7] After considering the impact of structural changes, unit case volume for Bottling Investments for the year ended December 31, 2018 grew 12 percent.

[8] After considering the impact of acquisitions and divestitures, concentrate sales volume for Europe, Middle East and Africa for the year ended December 31, 2018 grew 4 percent.

[9] After considering the impact of acquisitions and divestitures, concentrate sales volume for North America for the year ended December 31, 2018 was even.

[10] After considering the impact of acquisitions and divestitures, concentrate sales volume for Asia Pacific for the year ended December 31, 2018 grew 5 percent.

Unit Case Volume

The Coca-Cola system sold 30.3 billion, 29.6 billion and 29.2 billion unit cases of our products in 2019, 2018 and 2017, respectively. The unit case volume for 2019, 2018 and 2017 reflects the impact of brands acquired or licensed during the applicable year. The unit case volume for 2019, 2018 and 2017 also reflects the impact of the transfer of distribution rights with respect to non-Company-owned brands that were previously licensed to us in North American bottling territories that have since been refranchised. The Company eliminated the unit case volume related to these structural changes from the base year, as applicable, when calculating 2019 versus 2018 and 2018 versus 2017 unit case volume growth rates.

Sparkling soft drinks represented 69 percent of our worldwide unit case volume for 2019, 2018 and 2017. Trademark Coca-Cola accounted for 45 percent of our worldwide unit case volume for 2019, 2018 and 2017.

In 2019, unit case volume in the United States represented 18 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 62 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume.

Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume for 2019. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and India,

which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 70 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 46 percent of non-U.S. unit case volume.

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Unit case volume in Europe, Middle East and Africa grew 2 percent, which included growth of 2 percent in sparkling soft drinks, 3 percent in water, enhanced water and sports drinks and 3 percent in tea and coffee. Growth in sparkling soft drinks was primarily driven by 4 percent growth in Trademark Coca-Cola. The group reported increases in unit case volume in the Central & Eastern Europe; Turkey, Caucasus & Central Asia; South & East Africa; West Africa; and Western Europe business units. The unit case volume in the Middle East & North Africa business unit was even.

In Latin America, unit case volume grew 1 percent, which included growth of 5 percent in water, enhanced water and sports drinks and 6 percent in tea and coffee, with even performance in sparkling soft drinks, partially offset by a 1 percent decline in juice, dairy and plant-based beverages. Trademark Coca-Cola grew 1 percent. The group's volume reflected growth of 5 percent in both the Brazil and Latin Center business units and 1 percent in the Mexico business unit, partially offset by a 5 percent decline in the South Latin business unit.

Unit case volume in North America was even, with even performance in both sparkling soft drinks and juice, dairy and plant-based beverages. Unit case volume in water, enhanced water and sports drinks grew 1 percent, driven by 7 percent growth in sports drinks. Growth in this category cluster was offset by a 1 percent decline in tea and coffee.

In Asia Pacific, unit case volume grew 5 percent, reflecting 8 percent growth in sparkling soft drinks, 1 percent growth in water, enhanced water and sports drinks, and 2 percent growth in both juice, dairy and plant-based beverages and tea and coffee. Growth in sparkling soft drinks volume included 9 percent growth in Trademark Coca-Cola and 5 percent growth in Trademark Sprite. Volume within the water, enhanced water and sports drinks category cluster included growth of 2 percent in packaged water. The group's volume reflects growth of 11 percent in the India & South West Asia business unit, 10 percent in the ASEAN business unit, 3 percent in the Greater China & Korea business unit and 1 percent in the South Pacific business unit. The growth in these business units was partially offset by a decline of 2 percent in the Japan business unit.

Unit case volume for Global Ventures grew 7 percent, which included growth of 8 percent in juice, dairy and plant-based beverages and growth in energy drinks, partially offset by a decline in tea.

Unit case volume for Bottling Investments grew 24 percent. This increase primarily reflects the impact of the acquisition of a controlling interest in the Philippine bottling operations as well as growth in India and South Africa. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Unit case volume in Europe, Middle East and Africa grew 2 percent, which included growth of 2 percent in sparkling soft drinks and 3 percent in water, enhanced water and sports drinks. Growth in sparkling soft drinks was primarily driven by 2 percent growth in Trademark Coca-Cola and 3 percent growth in Trademark Fanta. The group reported increases in unit case volume in the Central & Eastern Europe; Turkey, Caucasus & Central Asia; and Middle East & North Africa business units. The unit case volume growth in these business units was partially offset by a decline in the West Africa business unit. Volume in the South & East Africa and Western Europe business units was even.

In Latin America, unit case volume was even, which included growth of 4 percent in juice, dairy and plant-based beverages and 1 percent in water, enhanced water and sports drinks. Sparkling soft drinks volume was even. The group's volume reflected growth of 1 percent in each of the Mexico, Brazil and Latin Center business units, offset by a 4 percent decline in the South Latin business unit. The growth in Mexico's volume was primarily driven by 1 percent growth in sparkling soft drinks and 8 percent growth in juice, dairy and plant-based beverages. The decline in South Latin's volume was driven by a 4 percent decline in sparkling soft drinks.

Unit case volume in North America was even. Sparkling soft drinks grew 1 percent, which included growth of 3 percent in Trademark Sprite and 1 percent in Trademark Coca-Cola. Unit case volume in water, enhanced water and sports drinks grew 2 percent, primarily driven by 2 percent growth in packaged water and 1 percent growth in sports drinks. Growth in these category clusters was offset by a 3 percent decline in juice, dairy and plant-based beverages.

In Asia Pacific, unit case volume grew 4 percent, reflecting 4 percent growth in sparkling soft drinks, 5 percent growth in water, enhanced water and sports drinks, and 4 percent growth in tea and coffee. Growth in sparkling soft drinks volume included 5 percent growth in Trademark Coca-Cola and 6 percent growth in Trademark Sprite. Volume within the water, enhanced water and sports drinks category cluster included growth of 7 percent in packaged water. The group's volume reflects growth of 6 percent in the Greater China & Korea business unit, 10

percent in the India & South West Asia business unit and 1 percent in the Japan business unit. Volume in the South Pacific and ASEAN business units was even.

Unit case volume for Global Ventures grew 8 percent, which included growth of 8 percent in juice, dairy and plant-based beverages and growth in energy drinks, partially offset by a decline in tea.

Unit case volume for Bottling Investments declined 15 percent. This decrease primarily reflects the impact of refranchising activities, partially offset by growth in India as well as the impact of bottler acquisitions. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Concentrate Sales Volume

In 2019, worldwide concentrate sales volume and unit case sales volume both grew 2 percent compared to 2018. In 2018, worldwide concentrate sales volume grew 3 percent and unit case sales volume grew 2 percent compared to 2017. The differences between concentrate sales volume and unit case volume growth rates on a consolidated basis and for the operating segments were primarily due to the timing of concentrate shipments, structural changes and the impact of unit case volume from certain joint ventures in which the Company has an equity interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals.

Net Operating Revenues

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Net operating revenues were $37,266 million in 2019, compared to $34,300 million in 2018, an increase of $2,966 million, or 9 percent.

The following table illustrates, on a percentage basis, the estimated impact of the factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2019 versus 2018				
	Volume[1]	Price, Product & Geographic Mix	Foreign Currency Fluctuations	Acquisitions & Divestitures[2]	**Total**
Consolidated	1 %	5 %	(4 %)	7 %	**9 %**
Europe, Middle East & Africa	1 %	4 %	(9 %)	3 %	**(1 %)**
Latin America	1	13	(10)	—	**3**
North America	—	3	—	—	**2**
Asia Pacific	5	—	(1)	(1)	**3**
Global Ventures	8	(1)	(16)	242	**233**
Bottling Investments	6	3	(5)	5	**10**

Note: Certain rows may not add due to rounding.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments and our Global Ventures operating segment (excluding Costa non-ready-to-drink products) (expressed in equivalent unit cases) after considering the impact of acquisitions and divestitures. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

[2] Includes structural changes. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above.

Refer to the heading "Beverage Volume" above for additional information related to changes in our unit case and concentrate sales volumes.

"Price, product and geographic mix" refers to the change in net operating revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred. The impact of price, product and geographic mix is calculated by subtracting the change in net operating revenues resulting from volume increases or decreases, changes in foreign currency exchange rates, and acquisitions and divestitures from the total change in net operating revenues. Management believes that providing investors with price, product and geographic mix enhances their understanding about the combined impact that the following items had on the Company's net operating revenues: (1) pricing actions taken by the Company and, where applicable, our bottling partners; (2) the change in the mix of products and packages sold; and (3) the change in the mix of channels and geographic territories where products were sold. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Price, product and geographic mix had a 5 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorable price mix across a majority of the business units;

- Latin America — favorable price mix across all business units and the impact of inflationary environments in certain markets;

- North America — favorable price mix driven by revenue growth management initiatives across the beverage categories;

- Asia Pacific — favorable price mix in all business units offset by unfavorable geographic mix;

- Global Ventures — unfavorable product mix; and

- Bottling Investments — favorable price, product and package mix in certain bottling operations, partially offset by unfavorable geographic mix.

Foreign currency fluctuations decreased our consolidated net operating revenues by 4 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the euro, British pound sterling, Mexican peso, Brazilian real, South African rand and Australian dollar, which had an unfavorable impact on all of our operating segments, except for our North America operating segment. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the Japanese yen, which had a favorable impact on our Asia Pacific operating segment. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

"Acquisitions and divestitures" refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. The impact of acquisitions and divestitures is the difference between the change in net operating revenues and the change in what our net operating revenues would have been if we removed the net operating revenues associated with an acquisition or divestiture from either the current year or the prior year, as applicable. Management believes that quantifying the impact that acquisitions and divestitures had on the Company's net operating revenues provides investors with useful information to enhance their understanding of the Company's net operating revenue performance by improving their ability to compare our year-to-year results. Management considers the impact of acquisitions and divestitures when evaluating the Company's performance. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above for additional information related to acquisitions and divestitures.

Net operating revenue growth rates are impacted by sales volume; price, product and geographic mix; foreign currency fluctuations; and acquisitions and divestitures. The size and timing of acquisitions and divestitures are not consistent from period to period. The Company currently expects acquisitions and divestitures to have a slightly favorable impact on full year 2020 net operating revenues. Based on current spot rates and our hedging coverage in place, we expect foreign currencies will have a slightly unfavorable impact on our full year 2020 net operating revenues.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Net operating revenues were $34,300 million in 2018, compared to $36,212 million in 2017, a decrease of $1,912 million, or 5 percent.

The following table illustrates, on a percentage basis, the estimated impact of the factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2018 versus 2017					
	Volume[1]	Price, Product & Geographic Mix	Foreign Currency Fluctuations	Acquisitions & Divestitures[2]	Accounting Changes	Total
Consolidated	3 %	2 %	(1 %)	(11 %)	2 %	**(5 %)**
Europe, Middle East & Africa	4 %	3 %	(2 %)	1 %	(3 %)	**4 %**
Latin America	1	10	(9)	—	(3)	**—**
North America	—	—	—	(1)	11	**9**
Asia Pacific	5	—	1	(1)	(5)	**—**
Global Ventures	7	(1)	2	—	—	**8**
Bottling Investments	12	1	—	(55)	2	**(40)**

Note: Certain rows may not add due to rounding.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments and our Global Ventures operating segment (expressed in equivalent unit cases) after considering the impact of acquisitions and divestitures. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

[2] Includes structural changes. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above.

Price, product and geographic mix had a 2 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorable price mix in all of the segment's business units as well as favorable product and package mix;
- Latin America — favorable price mix and the impact of inflationary environments in certain markets;
- North America — favorable pricing initiatives, offset by incremental freight costs;
- Asia Pacific — favorably impacted as a result of pricing initiatives as well as product and package mix, offset by geographic mix;
- Global Ventures — unfavorable product mix; and
- Bottling Investments — favorable geographic mix, partially offset by unfavorable price, product and package mix in certain bottling operations.

Foreign currency fluctuations decreased our consolidated net operating revenues by 1 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the Argentine peso, Mexican peso, Brazilian real and Australian dollar which had an unfavorable impact on our Latin America and Asia Pacific operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, British pound sterling, Japanese yen and South African rand which had a favorable impact on our Europe, Middle East and Africa and Asia Pacific operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

"Accounting changes" refers to the impact of our adoption of the new revenue recognition accounting standard. Refer to Note 3 of Notes to Consolidated Financial Statements.

Information about our net operating revenues by operating segment and Corporate as a percentage of Company net operating revenues is as follows:

Year Ended December 31,	**2019**	2018	2017
Europe, Middle East & Africa	**17.3 %**	19.1 %	18.7 %
Latin America	**11.0**	11.6	10.9
North America	**31.9**	33.1	24.0 [1]
Asia Pacific	**12.7**	14.0	13.1
Global Ventures	**6.9**	2.2	2.0
Bottling Investments	**19.9**	19.7	31.0 [1]
Corporate	**0.3**	0.3	0.3
Total	**100.0 %**	100.0 %	100.0 %

[1] Amounts have been adjusted to reflect the reclassification of certain revenue streams from the Bottling Investments operating segment to the North America operating segment effective January 1, 2018.

The percentage contribution of each operating segment fluctuates over time due to net operating revenues in certain operating segments growing at a faster rate compared to other operating segments. Net operating revenue growth rates are impacted by sales volume; price, product and geographic mix; foreign currency fluctuations; acquisitions and divestitures; and accounting changes. For additional information about the impact of foreign currency fluctuations, refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below, and for additional information about acquisitions and divestitures, refer to Note 2 of Notes to Consolidated Financial Statements.

Gross Profit Margin

Gross profit margin is a ratio calculated by dividing gross profit by net operating revenues. Management believes gross profit margin provides investors with useful information related to the profitability of our business prior to considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Our gross profit margin decreased to 60.8 percent in 2019 from 61.9 percent in 2018. The decrease was primarily due to the impact of structural changes as well as the unfavorable impact of foreign currency exchange rate fluctuations. Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Our gross profit margin decreased to 61.9 percent in 2018 from 62.1 percent in 2017. The decrease was primarily due to the consolidation of CCBA, the unfavorable impact of foreign currency exchange rate fluctuations and the impact of accounting changes related to the new revenue recognition accounting standard, partially offset by the impact of divestitures. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures. Refer to Note 3 of Notes to Consolidated Financial Statements for additional information on the adoption of the new revenue recognition accounting standard.

Selling, General and Administrative Expenses

The following table sets forth the components of selling, general and administrative expenses (in millions):

Year Ended December 31,	**2019**	2018	2017
Stock-based compensation expense	**$ 201**	$ 225	$ 219
Advertising expenses	**4,246**	4,113	3,958
Selling and distribution expenses	**2,873**	2,182	3,402
Other operating expenses	**4,783**	4,482	5,255
Selling, general and administrative expenses	**$ 12,103**	$ 11,002	$ 12,834

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Selling, general and administrative expenses increased $1,101 million, or 10 percent. This increase was primarily the result of acquisitions, partially offset by the impact of divestitures and a foreign currency exchange rate impact of 4 percent. The increase in advertising costs also reflects the Company's increased investments to strengthen our brands. Other operating expenses also reflect the impact of savings from our productivity initiatives.

As of December 31, 2019, we had $258 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans. This cost is expected to be recognized over a weighted-average period of 2.0 years as stock-based compensation expense, and it does not include the impact of any future stock-based compensation awards. Refer to Note 14 of Notes to Consolidated Financial Statements.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Selling, general and administrative expenses decreased $1,832 million, or 14 percent. The decrease in selling and distribution expenses during 2018 reflects the impact of refranchising activities throughout 2018 and the full year effect of refranchising activities that occurred during 2017, partially offset by the impact of the consolidation of CCBA. The decrease in other operating expenses during 2018 reflects savings from our productivity initiatives, the impact of refranchising activities throughout 2018 and the full year effect of refranchising activities that occurred during 2017.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures.

Other Operating Charges

Other operating charges incurred by operating segment and Corporate were as follows (in millions):

Year Ended December 31,		**2019**		2018		2017
Europe, Middle East & Africa	**$**	**2**	$	(3)	$	26
Latin America		**1**		4		7
North America		**62**		175		241
Asia Pacific		**42**		(4)		10
Global Ventures		**—**		—		—
Bottling Investments		**100**		617		1,079
Corporate		**251**		290		539
Total	**$**	**458**	$	1,079	$	1,902

In 2019, the Company recorded other operating charges of $458 million. These charges primarily consisted of $264 million related to the Company's productivity and reinvestment program and $42 million related to the impairment of a trademark in Asia Pacific. In addition, other operating charges included $46 million of transaction costs associated with the purchase of Costa, which we acquired in January 2019, and $95 million for costs incurred to refranchise certain of our North America bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the acquisition of Costa and refranchising of our bottling operations. Refer to Note 18 of Notes to Consolidated Financial Statements for information on the trademark impairment charge. Refer to Note 20 of Notes to Consolidated Financial Statements for additional information on the Company's productivity and reinvestment program. Refer to Note 21 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

In 2018, the Company recorded other operating charges of $1,079 million. These charges primarily consisted of $450 million of CCR asset impairments and $440 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $139 million related to costs incurred to refranchise certain of our North America bottling operations. Other operating charges also included $33 million related to tax litigation expense and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the refranchising of our bottling operations. Refer to Note 13 of Notes to Consolidated Financial Statements for additional information related to the tax litigation. Refer to Note 18 of Notes to Consolidated Financial Statements for information on the asset impairment charges. Refer to Note 20 of Notes to Consolidated Financial Statements for additional information on the Company's productivity and reinvestment program. Refer to Note 21 of

Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

In 2017, the Company recorded other operating charges of $1,902 million. These charges primarily consisted of $737 million of CCR asset impairments and $534 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $280 million related to costs incurred to refranchise certain of our bottling operations. Other operating charges also included $225 million related to a cash contribution we made to The Coca-Cola Foundation, $67 million related to tax litigation expense, $34 million related to impairments of Venezuelan intangible assets and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the refranchising of our bottling operations. Refer to Note 20 of Notes to Consolidated Financial Statements for additional information on the Company's productivity and reinvestment program. Refer to Note 21 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

Operating Income and Operating Margin

Information about our operating income contribution by operating segment and Corporate on a percentage basis is as follows:

Year Ended December 31,	**2019**	2018	2017
Europe, Middle East & Africa	**35.2 %**	40.4 %	46.2 %
Latin America	**23.6**	25.3	28.6
North America	**25.7**	25.3	31.9
Asia Pacific	**22.6**	24.8	27.5
Global Ventures	**3.3**	1.7	2.1
Bottling Investments	**3.6**	(2.2)	(10.4)
Corporate	**(14.0)**	(15.3)	(25.9)
Total	**100.0 %**	100.0 %	100.0 %

Operating margin is a ratio calculated by dividing operating income by net operating revenues. Management believes operating margin provides investors with useful information related to the profitability of our business after considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company's performance.

Information about our operating margin on a consolidated basis and by operating segment and Corporate is as follows:

Year Ended December 31,	**2019**	2018	2017
Consolidated	**27.1 %**	26.7 %	21.4 %
Europe, Middle East & Africa	**55.2**	56.5	52.9
Latin America	**57.7**	58.4	56.0
North America	**21.8**	20.4	28.5
Asia Pacific	**48.3**	47.3	44.9
Global Ventures	**13.1**	19.8	22.3
Bottling Investments	**4.8**	(2.9)	(7.2)
Corporate	*	*	*

* Calculation is not meaningful.

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Operating income was $10,086 million in 2019, compared to $9,152 million in 2018, an increase of $934 million, or 10 percent. The increase in operating income was driven by concentrate sales volume growth of 2 percent, favorable price and product mix, savings from our productivity initiatives, lower other operating charges and a benefit from acquisitions. These favorable impacts were partially offset by the unfavorable impact of foreign currency exchange rate fluctuations.

In 2019, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 9 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the euro, British pound sterling, Mexican peso, Brazilian real, South African rand and Australian dollar, which had an unfavorable impact on all of our operating segments, except for our North America operating segment. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar

compared to certain other foreign currencies, including the Japanese yen, which had a favorable impact on our Asia Pacific operating segment. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Operating income for Europe, Middle East and Africa for the years ended December 31, 2019 and 2018 was $3,551 million and $3,693 million, respectively. The decrease in operating income for the segment reflects an unfavorable foreign currency exchange rate impact of 12 percent, partially offset by favorable price and product mix and concentrate sales volume growth of 1 percent.

Operating income for the Latin America segment for the years ended December 31, 2019 and 2018 was $2,375 million and $2,318 million, respectively. Operating income growth for the segment reflects favorable price and product mix and growth in concentrate sales volume of 1 percent, partially offset by an unfavorable foreign currency exchange rate impact of 14 percent.

North America's operating income for the years ended December 31, 2019 and 2018 was $2,594 million and $2,318 million, respectively. Operating income growth for this segment was primarily driven by favorable price mix and lower other operating charges. These favorable impacts were partially offset by a decline in concentrate sales volume of 1 percent and the impact of prior year structural changes.

Operating income for Asia Pacific for the years ended December 31, 2019 and 2018 was $2,282 million and $2,271 million, respectively. Operating income growth for the segment reflects concentrate sales volume growth of 4 percent, partially offset by higher other operating charges, an unfavorable foreign currency exchange rate impact of 1 percent and the impact of structural changes.

Operating income for Global Ventures for the years ended December 31, 2019 and 2018 was $334 million and $152 million, respectively. Operating income growth was primarily due to the acquisition of Costa, partially offset by an unfavorable foreign currency exchange rate impact of 4 percent.

Operating income for our Bottling Investments segment for the year ended December 31, 2019 was $358 million compared to an operating loss of $197 million for the year ended December 31, 2018. Operating income growth in 2019 was impacted by strong performance in India and South Africa, the favorable impact of the acquisition of a controlling interest in the Philippine bottling operations in December 2018 and lower other operating charges, partially offset by an unfavorable foreign currency exchange rate impact.

Corporate's operating loss for the years ended December 31, 2019 and 2018 was $1,408 million and $1,403 million, respectively. The operating loss in 2019 was unfavorably impacted by mark-to-market adjustments related to our economic hedging activities, partially offset by lower other operating charges and savings from our productivity initiatives.

Based on current spot rates and our hedging coverage in place, we expect foreign currencies will have an unfavorable impact on our full year 2020 operating income.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Operating income was $9,152 million in 2018, compared to $7,755 million in 2017, an increase of $1,397 million, or 18 percent. The increase in operating income was driven by concentrate sales volume growth of 3 percent, favorable price mix and lower other operating charges. Additionally, operating income was favorably impacted by savings from our productivity initiatives. These favorable impacts were partially offset by the unfavorable impact of refranchising activities and foreign currency exchange rate fluctuations.

In 2018, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 6 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the Argentine peso, Mexican peso, Brazilian real and Australian dollar, which had an unfavorable impact on our Latin America and Asia Pacific operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, British pound sterling, Japanese yen and South African rand, which had a favorable impact on our Europe, Middle East and Africa and Asia Pacific operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Operating income for Europe, Middle East and Africa for the years ended December 31, 2018 and 2017 was $3,693 million and $3,585 million, respectively. Operating income growth for the segment reflects concentrate sales volume growth of 6 percent, favorable price, product and geographic mix, and lower other operating charges, partially offset by increased marketing investments primarily related to key product launches and an unfavorable foreign currency exchange rate impact of 5 percent.

Operating income for the Latin America segment for the years ended December 31, 2018 and 2017 was $2,318 million and $2,215 million, respectively. Operating income growth for the segment reflects favorable price

and product mix and growth in concentrate sales volume of 1 percent, partially offset by an unfavorable foreign currency exchange rate impact of 12 percent.

North America's operating income for the years ended December 31, 2018 and 2017 was $2,318 million and $2,472 million, respectively. The decrease in operating income was driven by higher freight costs and the impact of structural changes, partially

offset by lower other operating charges. The operating margin decrease in 2018 was primarily related to the adoption of the new revenue recognition accounting standard. Refer to Note 3 of Notes to Consolidated Financial Statements.

Operating income for Asia Pacific for the years ended December 31, 2018 and 2017 was $2,271 million and $2,136 million, respectively. Operating income growth for the segment reflects concentrate sales volume growth of 4 percent. Foreign currency exchange rates had a nominal impact.

Operating income for Global Ventures for the years ended December 31, 2018 and 2017 was $152 million and $159 million, respectively. The operating income decline for the segment reflects concentrate sales volume growth of 7 percent offset by unfavorable product mix and an unfavorable foreign currency exchange rate impact of 1 percent.

Our Bottling Investments segment's operating loss for the years ended December 31, 2018 and 2017 was $197 million and $806 million, respectively. The decrease in operating loss reflects lower other operating charges, partially offset by the unfavorable impact of divestitures.

Corporate's operating loss for the years ended December 31, 2018 and 2017 was $1,403 million and $2,006 million, respectively. The operating loss in 2018 was favorably impacted by lower selling, general and administrative expenses as a result of productivity initiatives, lower other operating charges and mark-to-market adjustments related to our economic hedging activities.

Interest Income

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Interest income was $563 million in 2019, compared to $689 million in 2018, a decrease of $126 million, or 18 percent. This decrease was primarily driven by the liquidation of a portion of our short-term investments in connection with the acquisition of Costa, partially offset by higher cash balances in certain of our international locations.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Interest income was $689 million in 2018, compared to $679 million in 2017, an increase of $10 million, or 1 percent. The increase primarily reflects higher interest rates earned on certain investments, partially offset by lower investment balances in certain of our international locations.

Interest Expense

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Interest expense was $946 million in 2019, compared to $950 million in 2018, a decrease of $4 million, or less than 1 percent. This decrease was primarily due to lower short-term U.S. debt balances, partially offset by higher average short-term U.S. debt interest rates and higher long-term debt balances. In addition, prior year interest expense included a net gain of $27 million related to the extinguishment of certain long-term debt.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Interest expense was $950 million in 2018, compared to $853 million in 2017, an increase of $97 million, or 11 percent. This increase was primarily due to the impact of higher short-term U.S. interest rates, partially offset by a net gain of $27 million related to the early extinguishment of certain long-term debt. Refer to the heading "Liquidity, Capital Resources and Financial Position — Cash Flows from Financing Activities — Debt Financing" below and Note 12 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt.

Equity Income (Loss) — Net

Year Ended December 31, 2019 versus Year Ended December 31, 2018

Equity income (loss) — net represents our Company's proportionate share of net income or loss from each of our equity method investees. In 2019, equity income was $1,049 million, compared to equity income of $1,008 million in 2018, an increase of $41 million, or 4 percent. This increase reflects, among other things, the impact of more favorable operating results reported by several of our equity method investees and a decrease in the Company's proportionate share of significant operating and nonoperating charges recorded by certain of our equity method investees. These favorable impacts were partially offset by the sale of our equity ownership interest in Corporación Lindley S.A. ("Lindley"), the sale of a portion of our equity ownership interest in Embotelladora Andina S.A. ("Andina"), and the acquisition of a controlling interest in the Philippine bottling operations, which was previously

accounted for as an equity method investee, as well as the unfavorable impact of foreign currency exchange rate fluctuations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

In 2018, equity income was $1,008 million, compared to equity income of $1,072 million in 2017, a decrease of $64 million, or 6 percent. This decrease reflects, among other things, the dissolution of our Beverage Partners Worldwide joint venture and the consolidation of CCBA. In addition, the Company recorded net charges of $111 million and $92 million in the line item equity income (loss) — net during the years ended December 31, 2018 and 2017, respectively. These amounts represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Other Income (Loss) — Net

Other income (loss) — net includes, among other things, dividend income; rental income; gains and losses related to the disposal of property, plant and equipment; gains and losses related to acquisitions and divestitures; non-service cost components of net periodic benefit cost for pension and postretirement benefit plans; other benefit plan charges and credits; realized and unrealized gains and losses on equity securities and trading debt securities; realized gains and losses on available-for-sale debt securities; and the impact of foreign currency exchange gains and losses. The foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 6 of Notes to Consolidated Financial Statements.

In 2019, other income (loss) — net was income of $34 million. The Company recognized a gain of $739 million on the sale of a retail and office building in New York City. The Company also recognized a net gain of $250 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, a gain of $73 million related to the refranchising of certain bottling operations in India and a gain of $39 million related to the sale of a portion of our equity ownership interest in Andina. These gains were partially offset by other-than-temporary impairment charges of $406 million related to Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI"), an equity method investee, $255 million related to certain equity method investees in the Middle East, $57 million related to one of our equity method investees in North America, and $49 million related to one of our equity method investees in Latin America. The Company also recorded an adjustment to reduce the carrying amount of CCBA's fixed assets and definite-lived intangible assets by $160 million and recognized a $118 million net loss in conjunction with our acquisition of the remaining equity ownership interest in CHI. Additionally, the Company recognized net charges of $105 million primarily related to post-closing adjustments as contemplated by the related agreements associated with the refranchising of certain bottling territories in North America and charges of $4 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Other income (loss) — net also included income of $99 million related to the non-service cost components of net periodic benefit cost, $62 million of dividend income and net foreign currency exchange losses of $120 million. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the CCBA asset adjustment, refranchising activities, the North America conversion payments, the acquisition of the remaining equity ownership interest in CHI and the sale of a portion of our equity ownership interest in Andina. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the CCBA asset adjustment, impairment charges and the loss recognized in conjunction with our acquisition of the remaining equity ownership interest in CHI. Refer to Note 21 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

In 2018, other income (loss) — net was a loss of $1,674 million. The Company recorded other-than-temporary impairment charges of $591 million related to certain of our equity method investees, an impairment charge of $554 million related to assets held by CCBA and charges of $476 million due to the refranchising of certain bottling territories in North America. The Company also recorded charges of $34 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements, a net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations and a $32 million loss related to acquiring a controlling interest in the Philippine bottling operations. These charges were partially offset by a net gain of $296 million related to the sale of our equity ownership in Lindley and a net gain of $47 million related to the refranchising of our Latin American bottling operations. Other income (loss) — net also included a net loss of $278 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, net foreign currency

exchange losses of $143 million, charges of $240 million related to pension settlements, income of $228 million related to the non-service cost components of net periodic benefit cost and $72 million of dividend income. Refer to Note 1 and Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on refranchising activities, North

America conversion payments, the sale of our equity ownership in Lindley and the acquisition of a controlling interest in the Philippine bottling operations. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the impairment charges. Refer to Note 21 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

In 2017, other income (loss) — net was a loss of $1,763 million. The Company recognized net charges of $2,140 million due to the refranchising of certain bottling territories in North America and charges of $313 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. The Company also recorded net charges of $255 million resulting from special termination benefits and curtailment credits primarily related to North America refranchising and the Company's productivity and reinvestment program. Additionally, the Company recorded an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The Company also incurred a charge of $26 million related to our former German bottling operations. These charges were partially offset by a gain of $445 million related to the integration of Coca-Cola West Co., Ltd. ("CCW") and Coca-Cola East Japan Co., Ltd. ("CCEJ") to establish CCBJHI. In exchange for our previously existing equity interests in CCW and CCEJ, we received an approximate 17 percent equity interest in CCBJHI. The Company also recognized a gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value upon consolidation of CCBA. Additionally, the Company recognized a gain of $88 million related to the refranchising of our China bottling operations and the sale of a related cost method investment and a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Other income (loss) — net also included net gains of $88 million related to trading securities and the sale of available-for-sale securities and $71 million of dividend income, partially offset by net foreign currency exchange losses of $56 million. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on refranchising activities, the conversion payments and our consolidation of CCBA. Refer to Note 21 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

Income Taxes

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the statutory U.S. rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2023 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $335 million, $318 million and $221 million for the years ended December 31, 2019, 2018 and 2017, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2019**	2018	2017
Statutory U.S. federal tax rate	**21.0 %**	21.0 %	35.0 %
State and local income taxes — net of federal benefit	**0.9**	1.5	1.1
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**1.1** [1,2,3]	3.1 [5,6]	(9.5)
Equity income or loss	**(1.6)**	(2.5)	(3.3)
Tax Reform Act	**—**	0.1 [7]	52.4 [8]
Excess tax benefits on stock-based compensation	**(0.9)**	(1.3)	(1.9)
Other — net	**(3.8)** [4]	(0.6)	7.6 [9,10]
Effective tax rate	**16.7 %**	21.3 %	81.4 %

[1] Includes net tax charges of $199 million (or a 1.9 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon tax matters.

[2] Includes the impact of pretax charges of $710 million (or a 1.2 percent impact on our effective tax rate) related to the impairment of certain of our equity method investees.

[3] Includes a tax benefit of $199 million (or a 1.5 percent impact on our effective tax rate) recorded as a result of CCBA no longer qualifying as a discontinued operation. Refer to Note 2 of Notes to Consolidated Financial Statements.

[4] Includes a net tax benefit of $184 million (or a 1.7 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, a tax benefit of $145 million (or a 1.4 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $89 million (or a 0.8 percent impact on our effective tax rate) related to domestic return to provision adjustments as well as other agreed-upon tax matters.

[5] Includes the impact of pretax charges of $591 million (or a 1.5 percent impact on our effective tax rate) related to other-than-temporary impairments of certain of our equity method investees and the impact of a pretax charge of $554 million (or a 1.9 percent impact on our effective tax rate) related to an impairment of assets held by CCBA. Refer to Note 18 of Notes to Consolidated Financial Statements.

[6] Includes net tax expense of $28 million on net pretax charges of $403 million (or a 1.4 percent impact on our effective tax rate) primarily related to the refranchising of certain foreign bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements.

[7] Includes net tax expense of $8 million (or a 0.1 percent impact on our effective tax rate) related to the finalization of our accounting related to the Tax Reform Act.

[8] Includes net tax expense of $3,610 million primarily related to our reasonable estimate of the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017, partially offset by the impact of the lower rate introduced by the Tax Reform Act on our existing deferred tax balances.

[9] Includes net tax expense of $1,048 million on a pretax gain of $1,037 million (or a 9.9 percent impact on our effective tax rate) related to the refranchising of CCR's Southwest operating unit ("Southwest Transaction"), in conjunction with which we obtained an equity interest in AC Bebidas, S. de R.L. de C.V. ("AC Bebidas"). The Company accounts for its interest in AC Bebidas as an equity method investment and the net tax expense was primarily the result of the deferred tax recorded on the basis difference in this investment. Refer to Note 2 of Notes to Consolidated Financial Statements.

[10] Includes a $156 million net tax benefit related to the impact of manufacturing incentives and permanent book-to-tax adjustments.

As of December 31, 2019, the gross amount of unrecognized tax benefits was $392 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $173 million, exclusive of any benefits related to interest and penalties. The remaining $219 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	**2019**	2018	2017
Balance of unrecognized tax benefits at beginning of year	**$ 336**	$ 331	$ 302
Increase related to prior period tax positions	**204** [1]	11	18
Decrease related to prior period tax positions	**—**	(2)	(13)
Increase related to current period tax positions	**29**	17	13

Decrease related to settlements with taxing authorities	**(174)** [2]	(4)	—
Increase (decrease) due to effect of foreign currency exchange rate changes	**(3)**	(17)	11
Balance of unrecognized tax benefits at end of year	**$ 392**	$ 336	$ 331

[1] The increase was primarily related to a change in judgment about the Company's tax positions with several foreign jurisdictions.

[2] The decrease was primarily related to a change in judgment about one of the Company's tax positions that became certain as a result of settlement of a matter in the United States.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $201 million, $190 million and $177 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2019, 2018 and 2017, respectively. Of these amounts, $11 million, $13 million and $35 million of expense were recognized through income tax expense in 2019, 2018 and 2017, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company's effective tax rate.

Based on current tax laws, the Company's effective tax rate in 2020 is expected to be approximately 19.5 percent before considering the potential impact of any significant operating and nonoperating items that may affect our effective tax rate.

Liquidity, Capital Resources and Financial Position

We believe our ability to generate cash flows from operating activities is one of our fundamental financial strengths. Refer to the heading "Cash Flows from Operating Activities" below. The near-term outlook for our business remains strong, and we expect to generate substantial cash flows from operations in 2020. As a result of our expected cash flows from operations, we have significant flexibility to meet our financial commitments. The Company does not typically raise capital through the issuance of stock. Instead, we use debt financing to lower our overall cost of capital and increase our return on shareowners' equity. Refer to the heading "Cash Flows from Financing Activities" below. We have a history of borrowing funds both domestically and internationally at reasonable interest rates, and we expect to be able to do so in the future. The Company reviews its optimal mix of short-term and long-term debt regularly and may replace certain amounts of commercial paper, short-term debt and current maturities of long-term debt with new issuances of long-term debt in the future. The Company's cash, cash equivalents, short-term investments and marketable securities totaled $11.2 billion as of December 31, 2019. In addition to these funds, our commercial paper program and our ability to issue long-term debt, we had $8.9 billion in lines of credit for general corporate purposes as of December 31, 2019. These backup lines of credit expire at various times from 2020 through 2024.

Based on all of the aforementioned factors, the Company believes its current liquidity position is strong and will continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities for the foreseeable future.

Cash Flows from Operating Activities

Net cash provided by operating activities for the years ended December 31, 2019, 2018 and 2017 was $10,471 million, $7,627 million and $7,041 million, respectively.

Net cash provided by operating activities increased $2,844 million, or 37 percent, in 2019 compared to 2018. This increase was primarily driven by operating income growth, the acquisition of Costa in January 2019, the efficient management of working capital, primarily due to the extension of payment terms with our suppliers, and lower payments related to the Company's productivity and reinvestment program, partially offset by the unfavorable impact of foreign currency exchange rate fluctuations.

Net cash provided by operating activities increased $586 million, or 8 percent, in 2018 compared to 2017. This increase was primarily driven by operating income growth, the efficient management of working capital and the consolidation of CCBA, partially offset by the impact of refranchising bottling operations and higher interest and tax payments. Refer to Note 12 and Note 16 of Notes to Consolidated Financial Statements for additional information on interest payments and tax payments, respectively.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities is summarized as follows (in millions):

Year Ended December 31,		**2019**	2018	2017
Purchases of investments	**$**	**(4,704)**	$ (7,789)	$ (17,296)
Proceeds from disposals of investments		**6,973**	14,977	16,694
Acquisitions of businesses, equity method investments and nonmarketable securities		**(5,542)**	(1,263)	(3,809)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities		**429**	1,362	3,821

Purchases of property, plant and equipment	**(2,054)**	(1,548)	(1,750)
Proceeds from disposals of property, plant and equipment	**978**	248	108
Other investing activities	**(56)**	(60)	(80)
Net cash provided by (used in) investing activities	**$ (3,976)**	$ 5,927	$ (2,312)

Purchases of Investments and Proceeds from Disposals of Investments

Purchases of investments and proceeds from disposals of investments resulted in net cash inflows of $2,269 million and $7,188 million in 2019 and 2018, respectively, and a net cash outflow of $602 million in 2017. The investments purchased in all three years include time deposits that had maturities greater than three months but less than one year and were classified in the line item short-term investments in our consolidated balance sheets. The remaining activity primarily represents the purchases of, and proceeds from the disposals of, short-term investments that were made as part of the Company's overall cash management strategy as well as our insurance captive investments.

Acquisitions of Businesses, Equity Method Investments and Nonmarketable Securities

In 2019, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $5,542 million, which primarily related to the acquisitions of Costa and the remaining interest in CHI. During 2019, the Company also acquired controlling interests in bottling operations in Zambia, Kenya, and Eswatini.

In 2018, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,263 million, which was primarily related to the acquisition of a controlling interest in the Philippine bottling operations and an equity interest in BA Sports Nutrition, LLC ("BodyArmor"). Additionally, the Company acquired additional ownership interests in the Company's franchise bottlers in the United Arab Emirates and in Oman, both of which were previously equity method investees of the Company. As a result of the additional interest acquired in the Oman bottler, we obtained a controlling interest, resulting in its consolidation. During 2018, the Company also acquired controlling interests in bottling operations in Zambia and Botswana.

In 2017, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $3,809 million, which was primarily related to the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. Additionally, in conjunction with the Southwest Transaction, we obtained an equity interest in AC Bebidas. The remaining activity was primarily related to the acquisition of AdeS, a plant-based beverage business, by the Company and several of its bottling partners in Latin America, and the acquisition of the U.S. rights to the Topo Chico premium sparkling water brand from AC Bebidas, an equity method investee.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our acquisitions during the years ended December 31, 2019, 2018 and 2017.

Proceeds from Disposals of Businesses, Equity Method Investments and Nonmarketable Securities

In 2019, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $429 million, primarily related to the sale of a portion of our equity method investment in Andina and the refranchising of certain of our bottling operations in India.

In 2018, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $1,362 million, primarily related to the proceeds from the refranchising of our Canadian and Latin American bottling operations as well as the the sale of our equity ownership in Lindley.

In 2017, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $3,821 million, primarily related to proceeds from the refranchising of certain bottling territories in North America and the refranchising of our China bottling operations and related cost method investment.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our disposals during the years ended December 31, 2019, 2018 and 2017.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment for the years ended December 31, 2019, 2018 and 2017 were $2,054 million, $1,548 million and $1,750 million, respectively.

Total capital expenditures for property, plant and equipment and the percentage of such totals by operating segment and Corporate were as follows (in millions):

Year Ended December 31,	2019	2018	2017
Capital expenditures	**$ 2,054**	$ 1,548	$ 1,750
Europe, Middle East & Africa	**5.2 %**	4.3 %	4.4 %
Latin America	**6.8**	5.8	3.1
North America	**19.1**	27.7	30.9
Asia Pacific	**2.3**	2.0	2.9
Global Ventures	**10.2**	0.7	0.2
Bottling Investments	**40.7**	33.4	42.1
Corporate	**15.7**	26.1	16.4

We expect our full year 2020 capital expenditures to be approximately $2.0 billion.

Cash Flows from Financing Activities

Net cash provided by (used in) financing activities is summarized as follows (in millions):

Year Ended December 31,	2019	2018	2017
Issuances of debt	**$ 23,009**	$ 27,605	$ 29,926
Payments of debt	**(24,850)**	(30,600)	(28,871)
Issuances of stock	**1,012**	1,476	1,595
Purchases of stock for treasury	**(1,103)**	(1,912)	(3,682)
Dividends	**(6,845)**	(6,644)	(6,320)
Other financing activities	**(227)**	(272)	(95)
Net cash provided by (used in) financing activities	**$ (9,004)**	$ (10,347)	$ (7,447)

Debt Financing

Our Company maintains debt levels we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. Our interest expense may also be affected by our credit ratings.

As of December 31, 2019, our long-term debt was rated "A+" by Standard & Poor's and "A1" by Moody's. Our commercial paper program was rated "A-1" by Standard & Poor's and "P-1" by Moody's. In assessing our credit strength, both rating agencies consider our capital structure (including the amount and maturity dates of our debt) and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, certain rating agencies also consider the financial information of certain bottlers, including CCEP, Coca-Cola Amatil Limited, Coca-Cola Consolidated, Inc., Coca-Cola FEMSA and Coca-Cola Hellenic. While the Company has no legal obligation for the debt of these bottlers, the rating agencies believe the strategic importance of the bottlers to the Company's business model provides the Company with an incentive to keep these bottlers viable. It is our expectation that these rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure, our major bottlers' financial performance, changes in the credit rating agencies' methodology in assessing our credit strength, or for any other reason, our cost of borrowing could increase. Additionally, if certain bottlers' credit ratings were to decline, the Company's equity income could be reduced as a result of the potential increase in interest expense for those bottlers.

We monitor our financial ratios and, as indicated above, the rating agencies consider these ratios in assessing our credit ratings. Each rating agency employs a different aggregation methodology and has different thresholds for the various financial ratios. These thresholds are not necessarily permanent, nor are they always fully disclosed to our Company.

Our global presence and strong capital position give us access to key financial markets around the world, enabling us to raise funds at a low effective cost. This posture, coupled with active management of our mix of short-term and long-term debt and our mix of fixed-rate and variable-rate debt, results in a lower overall cost of borrowing. Our debt

management policies, in conjunction with our share repurchase program and investment activity, can result in current liabilities exceeding current assets.

Issuances and payments of debt included both short-term and long-term financing activities. In 2019, the Company had issuances of debt of $23,009 million, which included $16,842 million of issuances related to commercial paper and short-term

debt with maturities greater than 90 days and long-term debt issuances of $6,167 million, net of related discounts and issuance costs.

During 2019, the Company made payments of debt of $24,850 million, which included $17,577 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and $2,244 million net issuances related to commercial paper and short-term debt with maturities of 90 days or less. The Company's total payments of long-term debt were $5,029 million.

In 2018, the Company had issuances of debt of $27,605 million, which primarily included $24,510 million of issuances related to commercial paper and short-term debt with maturities greater than 90 days and $3,093 million of net issuances related to commercial paper and short-term debt with maturities of 90 days or less.

During 2018, the Company made payments of debt of $30,600 million, which included $27,281 million of payments related to commercial paper and short-term debt with maturities greater than 90 days. The Company's total payments of long-term debt were $3,319 million.

In 2017, the Company had issuances of debt of $29,926 million, which included issuances of $26,287 million of commercial paper and short-term debt with maturities greater than 90 days and long-term debt issuances of $3,639 million, net of related discounts and issuance costs.

During 2017, the Company made payments of debt of $28,871 million, which included $636 million of payments related to commercial paper and short-term debt with maturities of 90 days or less and $24,259 million of payments related to commercial paper and short-term debt with maturities greater than 90 days. The Company's total payments of long-term debt were $3,976 million. The long-term debt payments included the early extinguishment of long-term debt with a carrying value of $417 million, a portion of which was assumed in connection with our acquisition of Coca-Cola Enterprises Inc.'s former North America business.

Issuances of Stock

The issuances of stock in 2019, 2018 and 2017 were related to the exercise of stock options by Company employees.

Share Repurchases

In 2012, the Board of Directors authorized a share repurchase plan of up to 500 million shares of the Company's common stock. In 2019, our Board of Directors authorized a new plan for the Company to purchase up to an additional 150 million shares of our common stock. The following table presents annual shares repurchased and average price per share:

Year Ended December 31,	**2019**	2018	2017
Number of shares repurchased (in millions)	**21**	39	82
Average price per share	**$ 48.86**	$ 45.09	$ 44.09

Since the inception of our share repurchase program in 1984 through December 31, 2019, we have purchased 3.5 billion shares of our common stock at an average price per share of $17.25. In addition to shares repurchased under the share repurchase program authorized by our Board of Directors, the Company's treasury stock activity also includes shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees. In 2019, we repurchased $1.1 billion of our stock. The net impact of the Company's treasury stock issuance and purchase activities in 2019 resulted in a net cash outflow of $0.1 billion. After investing for growth and paying dividends, we intend to use excess cash to repurchase shares over time.

Dividends

The Company paid dividends of $6,845 million, $6,644 million and $6,320 million during the years ended December 31, 2019, 2018 and 2017, respectively.

At its February 2020 meeting, our Board of Directors increased our regular quarterly dividend to $0.41 per share, equivalent to a full year dividend of $1.64 per share in 2020. This is our 58th consecutive annual increase. Our annualized common stock dividend was $1.60 per share, $1.56 per share and $1.48 per share in 2019, 2018 and 2017, respectively.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements

In accordance with the definition under SEC rules, the following qualify as off-balance sheet arrangements:

- any obligation under certain guarantee contracts;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation under certain derivative instruments; and
- any obligation arising out of a material variable interest held by the registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

As of December 31, 2019, we were contingently liable for guarantees of indebtedness owed by third parties of $621 million, of which $249 million was related to VIEs. These guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees. However, management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable. As of December 31, 2019, we were not directly liable for the debt of any unconsolidated entity, and we did not have any retained or contingent interest in assets as defined above.

Our Company recognizes all derivatives as either assets or liabilities at fair value in our consolidated balance sheets. Refer to Note 6 of Notes to Consolidated Financial Statements.

Aggregate Contractual Obligations

As of December 31, 2019, the Company's contractual obligations, including payments due by period, were as follows (in millions):

	Payments Due by Period				
	Total	2020	2021-2022	2023-2024	2025 and Thereafter
Short-term loans and notes payable:[1]					
Commercial paper borrowings	$ 10,007	$ 10,007	$ —	$ —	$ —
Lines of credit and other short-term borrowings	987	987	—	—	—
Current maturities of long-term debt[2]	4,255	4,255	—	—	—
Long-term debt, net of current maturities[2]	27,017	—	7,507	6,035	13,475
Estimated interest payments[3]	3,613	475	733	512	1,893
Accrued income taxes[4]	4,143	414	838	1,686	1,205
Purchase obligations[5]	16,100	10,008	1,450	1,008	3,634
Marketing obligations[6]	5,015	2,404	1,090	625	896
Lease obligations	1,710	326	533	366	485
Total contractual obligations	$ 72,847	$ 28,876	$ 12,151	$ 10,232	$ 21,588

[1] Refer to Note 12 of Notes to Consolidated Financial Statements for information regarding short-term loans and notes payable. Upon payment of outstanding commercial paper, we typically issue new commercial paper. Lines of credit and other short-term borrowings are expected to fluctuate depending upon current liquidity needs, especially at international subsidiaries.

[2] Refer to Note 12 of Notes to Consolidated Financial Statements for information regarding long-term debt. We will consider several alternatives to settle this long-term debt, including the use of cash flows from operating activities, issuance of commercial paper or issuance of other long-term debt. The table above shows expected cash payments to be made by the

Company in future periods and excludes the noncash portion of debt, including any fair market value adjustments, unamortized discounts and premiums.

[3] We calculated estimated interest payments for our long-term debt based on the applicable rates and payment dates. For our variable-rate debt, we have assumed the December 31, 2019 rate for all years presented. We typically expect to settle such interest payments with cash flows from operating activities and/or short-term borrowings.

[4] Refer to Note 16 of Notes to Consolidated Financial Statements for information regarding income taxes. Accrued income taxes include $3,986 million related to the one-time transition tax required by the Tax Reform Act. Liabilities of $584 million for unrecognized tax benefits plus accrued interest and penalties were not included in the total above. At this time, the settlement period for the unrecognized tax benefits cannot be determined. In addition, any payments related to unrecognized tax benefits may be partially or fully offset by reductions in payments in other jurisdictions.

[5] Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including long-term contractual obligations, open purchase orders, accounts payable and certain accrued liabilities. We expect to fund these obligations with cash flows from operating activities.

[6] We expect to fund these marketing obligations with cash flows from operating activities.

The total accrued benefit liability for pension and other postretirement benefit plans recognized as of December 31, 2019 was $2,093 million. Refer to Note 15 of Notes to Consolidated Financial Statements. This amount is impacted by, among other items, net periodic benefit cost, funding levels, plan amendments, changes in plan demographics and assumptions, and the investment return on plan assets. Because the accrued liability does not represent expected liquidity needs, we did not include this amount in the contractual obligations table.

We generally expect to fund all future pension contributions with cash flows from operating activities. Our international pension plans are generally funded in accordance with local laws and income tax regulations. The Company expects to contribute $28 million in 2020 to our global pension plans, all of which will be allocated to our international plans. Refer to Note 15 of Notes to Consolidated Financial Statements. We did not include our estimated contributions to our pension plans in the table above.

As of December 31, 2019, the projected benefit obligation of the U.S. qualified pension plans was $5,623 million, and the fair value of the related plan assets was $5,149 million. The projected benefit obligation of all pension plans other than the U.S. qualified pension plans was $3,134 million, and the fair value of the related plan assets was $2,931 million. The majority of this underfunding is attributable to an international pension plan for certain non-U.S. employees that is unfunded due to tax law restrictions, as well as certain unfunded U.S. nonqualified pension plans. These U.S. nonqualified pension plans provide, for certain associates, benefits that are not permitted to be funded through a qualified plan because of limits imposed by the Internal Revenue Code of 1986. The expected benefit payments for these unfunded pension plans are not included in the table above. However, we anticipate annual benefit payments for these unfunded pension plans to be $67 million in 2020, increasing to $69 million by 2025 and then decreasing annually thereafter. Refer to Note 15 of Notes to Consolidated Financial Statements.

In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated through actuarial procedures of the insurance industry and by using industry assumptions, adjusted for our specific expectations based on our claim history. As of December 31, 2019, our self-insurance reserves totaled $301 million. Refer to Note 13 of Notes to Consolidated Financial Statements. We did not include estimated payments related to our self-insurance reserves in the table above.

Deferred income tax liabilities as of December 31, 2019 were $2,284 million. Refer to Note 16 of Notes to Consolidated Financial Statements. This amount is not included in the total contractual obligations table because we believe that presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

Additionally, in January 2020, the Company acquired the remaining 57.5 percent stake in fairlife, LLC for $1.0 billion, which is not included in the table above. Refer to Note 23 of Notes to Consolidated Financial Statements.

Foreign Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to changing economic and political environments as well as to fluctuations in foreign currencies.

In 2019, we used 70 functional currencies in addition to the U.S. dollar. Due to the geographic diversity of our operations, weakness in some of these currencies may be offset by strength in others. In 2019 and 2018, the weighted-average exchange rates for foreign currencies in which the Company conducted operations (all operating currencies), and for certain individual currencies, strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**2019**	2018
All operating currencies	**(5%)**	(1%)
Australian dollar	**(7%)**	(2%)
Brazilian real	**(10)**	(12)
British pound sterling	**(4)**	4
Euro	**(5)**	5
Japanese yen	**1**	2
Mexican peso	**(1)**	(2)
South African rand	**(10)**	3

These percentages do not include the effects of our hedging activities and, therefore, do not reflect the actual impact of fluctuations in foreign currency exchange rates on our operating results. Our foreign currency management program is designed to mitigate, over time, a portion of the potentially unfavorable impact of exchange rate changes on our net income and earnings per share.

The total currency impact on net operating revenues, including the effect of our hedging activities, was a decrease of 4 percent and 1 percent in 2019 and 2018, respectively. The total currency impact on income before income taxes, including the effect of our hedging activities, was a decrease of 10 percent and 7 percent in 2019 and 2018, respectively.

Foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 6 of Notes to Consolidated Financial Statements. Foreign currency exchange gains and losses are included as a component of other income (loss) — net in our consolidated statement of income. Refer to the heading "Operations Review — Other Income (Loss) — Net" above. The Company recorded net foreign currency exchange losses of $120 million, $143 million and $56 million during the years ended December 31, 2019, 2018 and 2017, respectively.

Hyperinflationary Economies

A hyperinflationary economy is one that has cumulative inflation of 100 percent or more over a three-year period. In accordance with U.S. GAAP, local subsidiaries in hyperinflationary economies are required to use the U.S. dollar as their functional currency and remeasure the monetary assets and liabilities not denominated in U.S. dollars using the rate applicable to conversion of a currency for purposes of dividend remittances. All exchange gains and losses resulting from remeasurement are recognized currently in income.

Venezuela has been designated as a hyperinflationary economy. We have certain U.S. dollar-denominated intangible assets associated with products sold in Venezuela. As a result of weaker sales, the volatility of foreign currency exchange rates resulting from continued instability and the Company's revised expectations regarding the convertibility of the local currency, we recognized an impairment charge of $34 million during the year ended December 31, 2017, which was recorded in the line item other operating charges in our consolidated statement of income. As a result of the impairment charge, the remaining carrying value of all U.S. dollar-denominated intangible assets associated with products sold in Venezuela is zero.

Impact of Inflation and Changing Prices

Inflation affects the way we operate in many markets around the world. In general, we believe that, over time, we will be able to increase prices to counteract the majority of the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our productive capability.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Company uses derivative financial instruments primarily to reduce our exposure to adverse fluctuations in foreign currency exchange rates, interest rates, commodity prices and other market risks. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all of our derivative positions are used to reduce risk by hedging an underlying economic exposure. Because of the high correlation between the hedging instrument and the underlying exposure, fluctuations in the value of the instruments are generally offset by reciprocal changes in the value of the underlying exposure. The Company generally hedges anticipated exposures up to 48 months in advance; however, the majority of our derivative instruments expire within 24 months or less. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

We monitor our exposure to financial market risks using several objective measurement systems, including a sensitivity analysis to measure our exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Refer to Note 6 of Notes to Consolidated Financial Statements for additional information about our hedging transactions and derivative financial instruments.

Foreign Currency Exchange Rates

We manage most of our foreign currency exposures on a consolidated basis, which allows us to net certain exposures and take advantage of any natural offsets. In 2019, we used 70 functional currencies in addition to the U.S. dollar and generated $25.6 billion of our net operating revenues from operations outside the United States; therefore, weaknesses in some currencies may be offset by strengths in other currencies over time. We use derivative financial instruments to further reduce our net exposure to foreign currency fluctuations.

Our Company enters into forward exchange contracts and purchases foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. Additionally, we enter into forward exchange contracts to offset the earnings impact related to foreign currency fluctuations on certain monetary assets and liabilities. We also enter into forward exchange contracts as hedges of net investments in foreign operations.

The total notional values of our foreign currency derivatives were $14,276 million and $17,142 million as of December 31, 2019 and 2018, respectively. These values include derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. The fair value of the contracts that qualify for hedge accounting resulted in a net unrealized gain of $6 million as of December 31, 2019, and we estimate that a 10 percent weakening of the U.S. dollar would have eliminated the net unrealized gain and created a net unrealized loss of $84 million. The fair value of the contracts that do not qualify for hedge accounting resulted in a net unrealized loss of $26 million as of December 31, 2019, and we estimate that a 10 percent weakening of the U.S. dollar would have eliminated the unrealized loss and created a net unrealized gain of $31 million.

Interest Rates

The Company is subject to interest rate volatility with regard to existing and future issuances of debt. We monitor our mix of fixed-rate and variable-rate debt as well as our mix of short-term debt and long-term debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations.

Based on the Company's variable-rate debt and derivative instruments outstanding as of December 31, 2019, we estimate that a 1 percentage point increase in interest rates would have increased interest expense by $241 million in 2019. However, this increase in interest expense would have been partially offset by the increase in interest income related to higher interest rates.

The Company is subject to interest rate risk related to its investments in highly liquid debt securities. These investments are primarily managed by external managers within the guidelines of the Company's investment policy. Our policy requires these investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss. In addition, our policy limits the amount of credit exposure to any one issuer. We estimate that a 1 percentage point increase in interest rates would result in a $47 million decrease in the fair value of our portfolio of highly liquid debt securities.

Commodity Prices

The Company is subject to market risk with respect to commodity price fluctuations, principally related to our purchases of sweeteners, metals, juices, PET and fuels. We manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing and distribution operations. When deemed appropriate, we use derivative financial

instruments to manage our exposure to commodity risks. Certain of these derivatives do not qualify for hedge accounting, but they are effective economic hedges that help the Company mitigate the price risk associated with the purchases and transportation of materials used in our manufacturing processes.

The total notional values of our commodity derivatives were $427 million and $382 million as of December 31, 2019 and 2018, respectively. These values included derivative instruments that are designated and qualify for hedge accounting as well as

economic hedges. The fair value of the contracts that qualify for hedge accounting resulted in a net unrealized loss of less than $1 million as of December 31, 2019, and we estimate that a 10 percent decrease in underlying commodity prices would have an insignificant impact. The fair value of the contracts that do not qualify for hedge accounting resulted in a net loss of $4 million as of December 31, 2019, and we estimate that a 10 percent decrease in underlying commodity prices would have increased the net unrealized loss to $38 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Year Ended December 31,	2019	2018	2017
Net Operating Revenues	**$ 37,266**	$ 34,300	$ 36,212
Cost of goods sold	**14,619**	13,067	13,721
Gross Profit	**22,647**	21,233	22,491
Selling, general and administrative expenses	**12,103**	11,002	12,834
Other operating charges	**458**	1,079	1,902
Operating Income	**10,086**	9,152	7,755
Interest income	**563**	689	679
Interest expense	**946**	950	853
Equity income (loss) — net	**1,049**	1,008	1,072
Other income (loss) — net	**34**	(1,674)	(1,763)
Income Before Income Taxes	**10,786**	8,225	6,890
Income taxes	**1,801**	1,749	5,607
Consolidated Net Income	**8,985**	6,476	1,283
Less: Net income (loss) attributable to noncontrolling interests	**65**	42	35
Net Income Attributable to Shareowners of The Coca-Cola Company	**$ 8,920**	$ 6,434	$ 1,248
Basic Net Income Per Share[1]	**$ 2.09**	$ 1.51	$ 0.29
Diluted Net Income Per Share[1]	**$ 2.07**	$ 1.50	$ 0.29
Average Shares Outstanding — Basic	**4,276**	4,259	4,272
Effect of dilutive securities	**38**	40	52
Average Shares Outstanding — Diluted	**4,314**	4,299	4,324

[1]Calculated based on net income attributable to shareowners of The Coca-Cola Company.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

Year Ended December 31,	2019	2018	2017
Consolidated Net Income	**$ 8,985**	$ 6,476	$ 1,283
Other comprehensive income:			
Net foreign currency translation adjustments	**74**	(2,035)	861
Net gains (losses) on derivatives	**(54)**	(7)	(433)
Net change in unrealized gains (losses) on available-for-sale securities	**18**	(34)	188
Net change in pension and other benefit liabilities	**(159)**	29	322
Total Comprehensive Income	**8,864**	4,429	2,221
Less: Comprehensive income attributable to noncontrolling interests	**110**	95	73
Total Comprehensive Income Attributable to Shareowners of The Coca-Cola Company	**$ 8,754**	$ 4,334	$ 2,148

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions except par value)

December 31,	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 6,480**	$ 9,077
Short-term investments	**1,467**	2,025
Total Cash, Cash Equivalents and Short-Term Investments	**7,947**	11,102
Marketable securities	**3,228**	5,013
Trade accounts receivable, less allowances of $524 and $501, respectively	**3,971**	3,685
Inventories	**3,379**	3,071
Prepaid expenses and other assets	**1,886**	2,059
Total Current Assets	**20,411**	24,930
Equity method investments	**19,025**	19,412
Other investments	**854**	867
Other assets	**6,075**	4,148
Deferred income tax assets	**2,412**	2,674
Property, plant and equipment — net	**10,838**	9,598
Trademarks with indefinite lives	**9,266**	6,682
Bottlers' franchise rights with indefinite lives	**109**	51
Goodwill	**16,764**	14,109
Other intangible assets	**627**	745
Total Assets	**$ 86,381**	$ 83,216
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**$ 11,312**	$ 9,533
Loans and notes payable	**10,994**	13,835
Current maturities of long-term debt	**4,253**	5,003
Accrued income taxes	**414**	411
Total Current Liabilities	**26,973**	28,782
Long-term debt	**27,516**	25,376
Other liabilities	**8,510**	7,646
Deferred income tax liabilities	**2,284**	2,354
The Coca-Cola Company Shareowners' Equity		
Common stock, $0.25 par value; authorized — 11,200 shares; issued — 7,040 shares	**1,760**	1,760
Capital surplus	**17,154**	16,520
Reinvested earnings	**65,855**	63,234
Accumulated other comprehensive income (loss)	**(13,544)**	(12,814)
Treasury stock, at cost — 2,760 and 2,772 shares, respectively	**(52,244)**	(51,719)
Equity Attributable to Shareowners of The Coca-Cola Company	**18,981**	16,981
Equity attributable to noncontrolling interests	**2,117**	2,077
Total Equity	**21,098**	19,058
Total Liabilities and Equity	**$ 86,381**	$ 83,216

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

Year Ended December 31,	**2019**	2018	2017
Operating Activities			
Consolidated net income	**$ 8,985**	$ 6,476	$ 1,283
Depreciation and amortization	**1,365**	1,086	1,260
Stock-based compensation expense	**201**	225	219
Deferred income taxes	**(280)**	(413)	(1,252)
Equity (income) loss — net of dividends	**(421)**	(457)	(628)
Foreign currency adjustments	**91**	(50)	292
Significant (gains) losses — net	**(467)**	743	1,459
Other operating charges	**127**	558	1,218
Other items	**504**	699	(252)
Net change in operating assets and liabilities	**366**	(1,240)	3,442
Net Cash Provided by Operating Activities	**10,471**	7,627	7,041
Investing Activities			
Purchases of investments	**(4,704)**	(7,789)	(17,296)
Proceeds from disposals of investments	**6,973**	14,977	16,694
Acquisitions of businesses, equity method investments and nonmarketable securities	**(5,542)**	(1,263)	(3,809)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	**429**	1,362	3,821
Purchases of property, plant and equipment	**(2,054)**	(1,548)	(1,750)
Proceeds from disposals of property, plant and equipment	**978**	248	108
Other investing activities	**(56)**	(60)	(80)
Net Cash Provided by (Used in) Investing Activities	**(3,976)**	5,927	(2,312)
Financing Activities			
Issuances of debt	**23,009**	27,605	29,926
Payments of debt	**(24,850)**	(30,600)	(28,871)
Issuances of stock	**1,012**	1,476	1,595
Purchases of stock for treasury	**(1,103)**	(1,912)	(3,682)
Dividends	**(6,845)**	(6,644)	(6,320)
Other financing activities	**(227)**	(272)	(95)
Net Cash Provided by (Used in) Financing Activities	**(9,004)**	(10,347)	(7,447)
Effect of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	**(72)**	(262)	241
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents			
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the year	**(2,581)**	2,945	(2,477)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	**9,318**	6,373	8,850
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents at End of Year	**6,737**	9,318	6,373
Less: Restricted cash and restricted cash equivalents at end of year	**257**	241	271
Cash and Cash Equivalents at End of Year	**$ 6,480**	$ 9,077	$ 6,102

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY
(In millions except per share data)

Year Ended December 31,	2019	2018	2017
Equity Attributable to Shareowners of The Coca-Cola Company			
Number of Common Shares Outstanding			
Balance at beginning of year	**4,268**	4,259	4,288
Treasury stock issued to employees related to stock-based compensation plans	**33**	48	53
Purchases of stock for treasury	**(21)**	(39)	(82)
Balance at end of year	**4,280**	4,268	4,259
Common Stock	**$ 1,760**	$ 1,760	$ 1,760
Capital Surplus			
Balance at beginning of year	**16,520**	15,864	14,993
Stock issued to employees related to stock-based compensation plans	**433**	467	655
Stock-based compensation expense	**201**	225	219
Other activities	**—**	(36)	(3)
Balance at end of year	**17,154**	16,520	15,864
Reinvested Earnings			
Balance at beginning of year	**63,234**	60,430	65,502
Adoption of accounting standards[1]	**546**	3,014	—
Net income attributable to shareowners of The Coca-Cola Company	**8,920**	6,434	1,248
Dividends (per share — $1.60, $1.56 and $1.48 in 2019, 2018 and 2017, respectively)	**(6,845)**	(6,644)	(6,320)
Balance at end of year	**65,855**	63,234	60,430
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of year	**(12,814)**	(10,305)	(11,205)
Adoption of accounting standards[1]	**(564)**	(409)	—
Net other comprehensive income (loss)	**(166)**	(2,100)	900
Balance at end of year	**(13,544)**	(12,814)	(10,305)
Treasury Stock			
Balance at beginning of year	**(51,719)**	(50,677)	(47,988)
Treasury stock issued to employees related to stock-based compensation plans	**501**	704	909
Purchases of stock for treasury	**(1,026)**	(1,746)	(3,598)
Balance at end of year	**(52,244)**	(51,719)	(50,677)
Total Equity Attributable to Shareowners of The Coca-Cola Company	**$ 18,981**	$ 16,981	$ 17,072
Equity Attributable to Noncontrolling Interests			
Balance at beginning of year	**$ 2,077**	$ 1,905	$ 158
Net income attributable to noncontrolling interests	**65**	42	35
Net foreign currency translation adjustments	**45**	53	38
Dividends paid to noncontrolling interests	**(48)**	(31)	(15)
Acquisition of interests held by noncontrolling owners	**(84)**	—	—
Contributions by noncontrolling interests	**3**	—	—
Business combinations	**59**	101	1,805
Deconsolidation of certain entities	**—**	—	(157)
Other activities	**—**	7	41
Total Equity Attributable to Noncontrolling Interests	**$ 2,117**	$ 2,077	$ 1,905

[1] Refer to Note 1, Note 3, Note 4, Note 6 and Note 16.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When used in these notes, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

Description of Business

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest nonalcoholic beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for 2.0 billion of the approximately 61 billion servings of all beverages consumed worldwide every day.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 13. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $3,179 million and $3,916 million as of December 31, 2019 and 2018, respectively, representing our maximum exposures to loss. The Company's investments, plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's investments, plus any loans and guarantees, related to these VIEs totaled $51 million and $49 million as

of December 31, 2019 and 2018, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions, other commercial arrangements and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Revenue Recognition

Effective January 1, 2018, we adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectibility was reasonably assured. Refer to Note 3.

Advertising Costs

Our Company expenses production costs of print, radio, television and other advertisements as of the first date the advertisements take place. All other marketing expenditures are expensed in the annual period in which the expenditure is incurred. Advertising costs included in the line item selling, general and administrative expenses in our consolidated statements of income were $4 billion in 2019, 2018 and 2017. As of December 31, 2019 and 2018, advertising and production costs of $55 million and $54 million, respectively, were primarily recorded in the line item prepaid expenses and other assets in our consolidated balance sheets.

For interim reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple interim periods to each of our interim reporting periods. We use the proportion of each interim period's actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each interim reporting period, we review our estimated full year unit case volume and our estimated full year marketing expenditures in order to evaluate if a change in estimate is necessary. The impact of any changes in these full year estimates is recognized in the interim period in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

Shipping and Handling Costs

Shipping and handling costs related to the movement of goods from our manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated statement of income. Shipping and handling costs incurred to move goods from our manufacturing locations or sales distribution centers to our customers are also included in the line item cost of goods sold in our consolidated statement of income, except for costs incurred to distribute goods sold by our Company-owned bottlers to our customers, which are included in the line item selling, general and administrative expenses. Our customers generally do not pay us separately for shipping and handling costs. Effective January 1, 2018, we adopted ASC 606. Upon adoption, we made a policy election to recognize the cost of shipping and handling activities that are performed after a customer obtains control of the goods as costs to fulfill our promise to provide goods to the customer. As a result of this election, the Company does not evaluate whether shipping and handling activities are services promised to customers. If revenue is recognized for the related goods before the shipping and handling activities occur, the related costs of those shipping and handling activities are accrued. Refer to Note 3 for additional information regarding revenue recognition.

Sales, Use, Value-Added and Excise Taxes

The Company collects taxes imposed directly on its customers related to sales, use, value-added, excise and other similar taxes. The Company then remits such taxes on behalf of its customers to the applicable governmental authorities. Upon adoption of ASC 606, we made a policy election to exclude from net operating revenues the tax amounts imposed on revenue-producing transactions that were collected from our customers to be remitted to governmental authorities. Accordingly, such tax amounts are recorded in the line item trade accounts receivable in our consolidated balance sheet when collection of taxes from the customer has not yet occurred and are recorded in the line item accounts payable and accrued expenses in our consolidated balance sheet until they are remitted to the applicable governmental authorities. Taxes imposed directly on the Company, whether based on receipts from sales,

inventory procurement costs or manufacturing activities, are recorded in the line item cost of goods sold in our consolidated statement of income. Refer to Note 3 for additional information regarding revenue recognition.

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to shareowners of The Coca-Cola Company by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per share is computed similarly to basic net income per share, except that it includes the potential dilution that could occur if dilutive securities were exercised. Approximately 5 million stock option awards were excluded from the computations of diluted net income per share in both 2018 and 2017 because the awards would have been antidilutive for the years presented. The number of stock option awards excluded from the computation of diluted net income per share in 2019 was insignificant.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents or restricted cash equivalents, as applicable. Restricted cash and restricted cash equivalents generally consist of amounts held by our captive insurance companies, which are included in the line item other assets on our consolidated balance sheets, and amounts classified in assets held for sale. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our concentrations of credit risk.

The following table provides a summary of cash, cash equivalents, restricted cash and restricted cash equivalents that constitute the total amounts shown in the consolidated statements of cash flows (in millions):

December 31,	**2019**	2018	2017
Cash and cash equivalents	**$ 6,480**	$ 9,077	$ 6,102
Cash and cash equivalents included in assets held for sale	**—**	—	13
Cash and cash equivalents included in other assets[1]	**257**	241	258
Cash, cash equivalents, restricted cash and restricted cash equivalents	**$ 6,737**	$ 9,318	$ 6,373

[1] Amounts represent cash and cash equivalents in our solvency capital portfolio set aside primarily to cover pension obligations in certain of
our European and Canadian pension plans. Refer to Note 4.

Short-Term Investments

We classify time deposits and other investments that have maturities of greater than three months but less than one year as short-term investments.

Investments in Equity and Debt Securities

Effective January 1, 2018, we adopted Accounting Standards Update ("ASU") 2016-01 *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which requires us to measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in earnings. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in accumulated other comprehensive income (loss) ("AOCI"), net of tax. Equity securities without readily determinable fair values were recorded at cost. Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Refer to Note 4 for additional information on our policy for investments, which includes our assessment of impairments.

Trade Accounts Receivable

We record trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on our history of write-offs, the level of

past-due accounts based on the contractual terms of the receivables, and our relationships with, and the economic status of, our bottling partners and customers. We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Derivative Instruments

Our Company, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk. All derivatives are carried at fair value in our consolidated balance sheet in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The cash flow impact of the Company's derivative instruments is primarily included in our consolidated statement of cash flows in net cash provided by operating activities. Refer to Note 6.

Leases

Effective January 1, 2019, we adopted Accounting Standards Codification 842, *Leases* ("ASC 842"). We determine if an arrangement contains a lease at inception based on whether or not the Company has the right to control the asset during the contract period and other facts and circumstances.

We are the lessee in a lease contract when we obtain the right to control the asset. Operating leases are included in the line items other assets, accounts payable and accrued expenses, and other liabilities in our consolidated balance sheet. Operating lease right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on our consolidated balance sheet and are expensed on a straight-line basis over the lease term in our consolidated statement of income. We determine the lease term by assuming the exercise of renewal options that are reasonably certain. As most of our leases do not provide an implicit interest rate, we use our local incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. When our contracts contain lease and non-lease components, we account for both components as a single lease component. Refer to Note 11.

We have various arrangements for certain fountain equipment under which we are the lessor. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets, which are reviewed periodically and generally have the following ranges: buildings and improvements: 40 years or less; and machinery and equipment: 20 years or less. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term, including renewals that are deemed to be reasonably assured, or the estimated useful life of the improvement. Depreciation is not recorded during the period in which a long-lived asset or disposal group is classified as held for sale, even if the asset or disposal group continues to generate revenue during the period. Depreciation expense, including the depreciation expense of assets under finance leases, totaled $1,208 million, $999 million and $1,131 million in 2019, 2018 and 2017, respectively. Amortization expense for leasehold improvements totaled $18 million, $18 million and $19 million in 2019, 2018 and 2017, respectively. Refer to Note 8.

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions we believe market participants would use. Refer to Note 18.

Goodwill, Trademarks and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible

asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that

are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging from 1 to 20 years. Refer to Note 9.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe a market participant would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe market participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. Our Global Ventures operating segment includes the results of our Costa Limited ("Costa"), innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster Beverage Corporation ("Monster"), each of which is its own reporting unit. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value,
including goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a market participant would use. The Company has the option to perform a qualitative assessment of goodwill in order to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further testing.

Impairment charges related to intangible assets, including goodwill, are generally recorded in the line item other operating charges or, to the extent they relate to equity method investees, in the line item equity income (loss) — net in our consolidated statement of income.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Refer to Note 13.

Stock-Based Compensation

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. These awards include stock options, restricted stock units, restricted stock and performance-based share units. The fair value of our stock option grants is estimated on the grant date using a Black-Scholes-Merton option-pricing model. The Company recognizes compensation expense on a straight-line basis over the period the stock option grant is earned by the employee, which is generally four years.

The fair value of our restricted stock units, restricted stock and certain performance-based share units is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the relevant period. For most performance-based share units granted from 2014 to 2017 and for performance-based share units granted to executives in 2018 and 2019, the Company includes a relative total shareowner return ("TSR") modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of performance-based share units that include the TSR modifier is determined using a Monte Carlo valuation model.

In the period it becomes probable that the minimum performance threshold specified in the performance-based share award will be achieved, we recognize expense for the proportionate share of the total fair value of the award related to the vesting period that has already lapsed. The remaining fair value of the award is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum performance threshold specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made.

The Company has made a policy election to estimate the number of stock-based compensation awards that are expected to vest to determine the amount of compensation expense recognized in earnings. Forfeiture estimates are trued-up through the vesting date, in order to ensure that total compensation expense is recognized only for those awards that ultimately vest. Refer to Note 14.

Income Taxes

Income tax expense includes U.S., state, local and international income taxes. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained, (2) the tax position is "more likely than not" to be sustained, but for a lesser amount, or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. The number of years subject to tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Refer to Note 13 and Note 16.

Translation and Remeasurement

We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Generally, our foreign subsidiaries use the local currency as their functional currency. Changes in the carrying value of these assets and liabilities attributable to fluctuations in spot rates are recognized in foreign currency translation adjustment, a component of AOCI. Refer to Note 17. Income statement accounts are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is recognized in the line item other income (loss) — net in our consolidated statement of income and is partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 6.

Recently Adopted Accounting Guidance

ASC 842 requires lessees to recognize operating lease ROU assets, representing their right to use the underlying asset for the lease term, and operating lease liabilities on the balance sheet for all leases with lease terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. We adopted ASC 842 using the modified retrospective method and utilized the optional transition method under which we continue to apply the legacy guidance in ASC 840, *Leases*, including its disclosure requirements, in the comparative periods presented. In addition, we elected the package of practical expedients permitted under the transition guidance which permits us to carry forward the historical lease classification, among other things. As a result of the adoption, our operating lease ROU assets and operating lease liabilities were $1,372 million and $1,392 million, respectively, as of December 31, 2019. The adoption of this standard did not impact our consolidated statement of income or our consolidated statement of cash flows. Refer to Note 11.

In August 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which eliminates the requirement to separately measure and report hedge ineffectiveness and requires companies to recognize all elements of hedge accounting that impact earnings in the same line item in the statement of income where the hedged item resides. The amendments in this update include new alternatives for measuring the hedged item for fair value hedges of interest rate risk and ease the requirements for effectiveness testing, hedge documentation and applying the critical terms match method. We adopted ASU 2017-12 effective January 1, 2019 using the modified retrospective method. We recognized a cumulative effect adjustment to decrease the opening balance of reinvested earnings as of January 1, 2019 by $12 million, net of tax. Refer to Note 6 for additional disclosures required by this ASU.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which permits entities to reclassify the disproportionate income tax effects of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act") on items within AOCI to reinvested earnings. These disproportionate income tax effect items are referred to as "stranded tax effects." The amendments in this update only relate to the reclassification of the income tax effects of the Tax Reform Act. Other accounting guidance that requires the effect of changes in tax laws or rates to be included in net income is not affected by this update. We adopted ASU 2018-02 effective January 1, 2019. We recognized a cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2019 by $558 million related to the effect that the change in the income tax rate had on the gross deferred tax amounts of items remaining in AOCI.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. ASU 2014-09 and its amendments were included primarily in ASC 606. The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASC 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. We adopted ASC 606 effective January 1, 2018 using the modified retrospective method. We recognized a cumulative effect adjustment to decrease the opening balance of reinvested earnings as of January 1, 2018 by $257 million, net of tax. The Company has changed our accounting policies and practices, business processes, systems and controls, as well as designed and implemented specific controls over our evaluation of the impact of the new guidance on the Company, including the cumulative effect calculation, disclosure requirements and the collection of relevant data for the reporting process. Refer to Note 3.

In January 2016, the FASB issued ASU 2016-01, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 was effective for the Company beginning January 1, 2018, and we are now recognizing any changes in the fair value of certain equity investments in net income as prescribed by the new standard rather than in other comprehensive income ("OCI"). We recognized a cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2018 by $409 million, net of tax. Refer to Note 4 for additional disclosures required by this ASU.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which requires the Company to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 was effective for the Company beginning January 1, 2018 and was adopted using a modified retrospective basis. We recorded a $2.9

billion cumulative effect adjustment to increase the opening balance of reinvested earnings, with the majority of the offset being recorded in the line item deferred income tax assets in our consolidated balance sheet. Refer to Note 16.

In March 2018, the FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118.* The amendments in this update provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Reform Act. The amendments also require any provisional amounts or subsequent adjustments to

be included in net income. Additionally, this ASU discusses required disclosures that an entity must make with regard to the Tax Reform Act. This ASU is effective immediately as new information is available to adjust provisional amounts that were previously recorded. The Company adopted this standard and subsequently finalized the accounting based on the guidance, interpretations and data available as of December 31, 2018. Refer to Note 16.

NOTE 2: ACQUISITIONS AND DIVESTITURES

Acquisitions

During 2019, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $5,542 million, which primarily related to the acquisitions of Costa, the remaining equity ownership interest in C.H.I. Limited ("CHI"), a Nigerian producer of value-added dairy and juice beverages and iced tea, and controlling interests in bottling operations in Zambia, Kenya, and Eswatini. Refer to the "Costa Limited" and "C.H.I. Limited" sections within this note below for further details.

During 2018, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,263 million, which included the acquisition of the 51 percent controlling interest in the Philippine bottling operations from Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), an equity method investee. Refer to the "Philippine Bottling Operations" section within this note below for further details. Additionally, we acquired a minority interest in BA Sports Nutrition, LLC ("BodyArmor"). We account for our minority interest in BodyArmor as an equity method investment based on our equity ownership percentage and our representation on their Management Committee. We obtained an option to acquire the remaining ownership interests in BodyArmor based on an agreed-upon formula, which becomes exercisable in 2021. Upon the expiration of the Company's option, BodyArmor can exercise an option on behalf of the other equity owners to sell their remaining interests to the Company based on the same agreed-upon formula. The Company also acquired additional ownership interests in the Company's franchise bottlers in the United Arab Emirates and in Oman, both of which were previously equity method investees of the Company. As a result of the additional interest acquired in the Oman bottler, we obtained a controlling interest, resulting in its consolidation. During 2018, the Company also acquired controlling interests in bottling operations in Zambia and Botswana.

During 2017, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $3,809 million, of which $3,150 million related to the transition of Anheuser-Busch InBev's ("ABI") 54.5 percent controlling interest in Coca-Cola Beverages Africa Proprietary Limited ("CCBA") to the Company, resulting in its consolidation in October 2017. Refer to the "Coca-Cola Beverages Africa Proprietary Limited" section within this note below for further details. Additionally, in conjunction with the refranchising of Coca-Cola Refreshments' ("CCR") Southwest operating unit ("Southwest Transaction"), we obtained an equity interest in AC Bebidas, S. de R.L. de C.V. ("AC Bebidas"), a subsidiary of Arca Continental, S.A.B. de C.V. ("Arca"), primarily for noncash consideration. Refer to the "North America Refranchising — United States" section within this note below for further details. The remaining activity primarily related to the acquisition of AdeS, a plant-based beverage business, by the Company and several of its bottling partners in Latin America, and the acquisition of the U.S. rights to the Topo Chico premium sparkling water brand from AC Bebidas, an equity method investee.

Costa Limited

In January 2019, the Company acquired Costa in exchange for $4.9 billion of cash, net of cash acquired. Costa is a coffee business with retail outlets in more than 30 countries, the Costa Express vending system and a state-of-the-art roastery. We believe this acquisition will allow us to increase our presence in the hot beverage market as Costa has a scalable platform across multiple formats and channels, including opportunities to introduce ready-to-drink products. As of December 31, 2019, $2.4 billion of the purchase price was preliminarily allocated to the Costa trademark and $2.5 billion was preliminarily allocated to goodwill. The goodwill recognized as part of this acquisition is primarily related to synergistic value created from the opportunity for additional expansion as well as our ability to market and distribute Costa in ready-to-drink form throughout our bottling system. It also includes certain other intangible assets that do not qualify for separate recognition, such as an assembled workforce. The goodwill is not tax deductible and has been assigned to the Global Ventures operating segment, except for $108 million, which was allocated to the Europe, Middle East and Africa operating segment. The preliminary allocation of the purchase price is subject to refinement when valuations are finalized. As of December 31, 2019, the valuations that have not been finalized primarily relate to operating lease ROU assets, operating lease liabilities and certain fixed assets. The final purchase price allocation will be completed in the first quarter of 2020.

C.H.I. Limited

In January 2019, the Company acquired the remaining 60 percent interest in CHI in exchange for $257 million of cash, net of cash acquired, under the terms of the agreement for our original investment in CHI. Upon consolidation, we recognized a net loss of $118 million, which included the remeasurement of our previously held equity interest in CHI to fair value and the

reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. The net charge was recorded in the line item other income (loss) — net in our consolidated statement of income.

Philippine Bottling Operations

In December 2018, the Company acquired the 51 percent controlling interest in the Philippine bottling operations held by Coca-Cola FEMSA, an equity method investee, in exchange for $715 million of cash. The acquired business had $345 million of cash on hand upon acquisition. The acquisition was a result of Coca-Cola FEMSA exercising the option to sell its ownership interest to the Company. Coca-Cola FEMSA obtained this option when it originally acquired the controlling interest from the Company in 2013. As a result of this acquisition, we now own 100 percent of the Philippine bottling operations. Upon consolidation, we recognized a net charge of $32 million, which included the remeasurement of our previously held equity interest in the Philippine bottling operations to fair value and the reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. The net charge was recorded in the line item other income (loss) — net in our consolidated statement of income.

Coca-Cola Beverages Africa Proprietary Limited

In October 2017, the Company and ABI completed the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. Upon consolidation of CCBA, we remeasured our previously held equity interests in CCBA and its South African subsidiary to fair value and recorded a gain on the remeasurement of $150 million. The fair values in our previously held equity investments in CCBA and its South African subsidiary were determined using income approaches, including discounted cash flow models (a Level 3 measurement), and the Company believes the inputs and assumptions used are consistent with those market participants would use. We recorded $1,805 million for the noncontrolling interests of CCBA. The fair value of the noncontrolling interests was determined in a manner similar to our previously held equity investments. The preliminary goodwill recorded at the time of the transaction was $4,262 million, none of which is tax deductible. This goodwill is in part due to the significant synergies that are expected from the consolidation of the bottling system in Southern and East Africa, especially within the country of South Africa. As a result, upon finalization of purchase accounting $411 million of the final goodwill balance of $4,186 million was allocated to other reporting units expected to benefit from this transaction.

Due to the Company's original intent to refranchise CCBA, it was accounted for as held for sale and a discontinued operation from October 2017 through the first quarter of 2019. As CCBA met the criteria to be classified as held for sale, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell. As a result, during the year ended December 31, 2018, we recorded an impairment charge of $554 million, reflecting management's view of the proceeds that were expected to be received upon sale based on revised projections of future operating results and foreign currency exchange rate fluctuations. This charge was previously reflected in the line item income (loss) from discontinued operations in our consolidated statement of income and the corresponding reduction to assets was reflected as an allowance for reduction of assets held for sale — discontinued operations in our consolidated balance sheet. Refer to Note 18. Additionally, CCBA's property, plant and equipment was not depreciated and its definite-lived intangible assets were not amortized.

While the Company had discussions with a number of potential partners throughout the period CCBA was held for sale, during the second quarter of 2019 the Company updated its plans for CCBA and now intends to maintain its controlling stake in CCBA for the foreseeable future. As a result, CCBA no longer qualifies as held for sale or as a discontinued operation, and CCBA's financial results are now presented within the Company's continuing operations for all periods presented. As a result of this change in presentation, the Company reflected the impairment charge in other income (loss) — net in our consolidated statement of income for the year ended December 31, 2018 and reallocated the allowance for reduction of assets held for sale — discontinued operations balance to reduce the carrying value of CCBA's property, plant and equipment by $225 million and CCBA's definite-lived intangible assets by $329 million based on the relative amount of depreciation and amortization that would have been recognized during the period CCBA was held for sale. We also recorded a $160 million adjustment to reduce the carrying value of CCBA's property, plant and equipment and definite-lived intangible assets by an additional $34 million and $126 million, respectively, during the year ended December 31, 2019. These additional adjustments were included in the line item other income (loss) — net in our consolidated statement of income.

Divestitures

During 2019, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $429 million, primarily related to the sale of a portion of our equity method investment in Embotelladora Andina

S.A. ("Andina") and the refranchising of certain of our bottling operations in India. As a result of these transactions, we recognized gains of $39 million and $73 million, respectively, which were recorded in the line item other income (loss) — net in our consolidated statement of income. We continue to account for our remaining interest in Andina as an equity method investment as a result of our representation on Andina's Board of Directors and other governance rights.

During 2018, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $1,362 million, primarily related to proceeds from the refranchising of our Canadian and Latin American bottling operations, as well as the sale of our equity ownership in Corporación Lindley S.A. ("Lindley").

During 2017, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $3,821 million, primarily related to proceeds from the refranchising of certain of our bottling territories in North America and our China bottling operations.

Latin America Bottling Operations

During 2018, the Company sold its bottling operations in Latin America to Coca-Cola FEMSA, an equity method investee. We received net cash proceeds of $289 million as a result of these sales and recognized a net gain of $47 million, which was included in the line item other income (loss) — net in our consolidated statement of income.

Corporación Lindley S.A.

In September 2018, we sold our equity ownership in Lindley to AC Bebidas, an equity method investee. We received net cash proceeds of $507 million and recognized a net gain of $296 million during the year ended December 31, 2018, which was included in the line item other income (loss) — net in our consolidated statement of income.

North America Refranchising — Canada

In September 2018, the Company completed its North America refranchising with the sale of its Canadian bottling operations. We received initial net cash proceeds of $518 million and recognized a net charge of $385 million during the year ended December 31, 2018. During the year ended December 31, 2019, we recognized an additional charge of $122 million primarily related to post-closing adjustments as contemplated by the related agreements. These charges were included in the line item other income (loss) — net in our consolidated statements of income.

North America Refranchising — United States

In 2018, the Company completed the refranchising of all of our bottling territories in the United States that were previously managed by CCR to certain of our unconsolidated bottling partners. These territories generally border these bottlers' existing territories, allowing each bottler to better service local customers and provide more efficient execution. By entering into comprehensive beverage agreements ("CBAs") with each of the bottlers, we granted certain exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage products as defined by the CBA.

Each CBA generally has a term of 10 years and is renewable, in most cases by the bottler and in some cases by the Company, indefinitely for successive additional terms of 10 years each. Under the CBA, except for the CBA entered into in conjunction with the Southwest Transaction and for additional territories sold to AC Bebidas, as well as the CBA entered into with Liberty Coca-Cola Beverages, the bottlers make ongoing quarterly payments to the Company based on their gross profit in the refranchised territories throughout the term of the CBA, including renewals, in exchange for the grant of the exclusive territory rights. Liberty Coca-Cola Beverages, the co-owners of which are former management of CCR, will make ongoing quarterly payments based on the gross profit in its refranchised territories upon the earlier of reaching a predefined level of profitability, or the 41st quarter following the closing date.

Contemporaneously with the grant of these rights, the Company sold the distribution assets, certain working capital items, and the exclusive rights to distribute certain beverage brands not owned by the Company, but distributed by CCR, in each of these territories to the respective bottlers in exchange for cash, except for the territory included in the Southwest Transaction. As discussed further below, we did not receive cash in the Southwest Transaction for these items.

During the years ended December 31, 2018 and 2017, cash proceeds from these sales totaled $3 million and $2,860 million, respectively. Included in the cash proceeds for the year ended December 31, 2017 was $336 million from Coca-Cola Bottling Co. Consolidated now known as Coca-Cola Consolidated, Inc., an equity method investee. Also included in the cash proceeds for the year ended December 31, 2017 was $220 million from AC Bebidas and $39 million from Liberty Coca-Cola Beverages.

Under the applicable accounting guidance, we were required to derecognize all of the tangible assets sold as well as the intangible assets transferred, including distribution rights, customer relationships and an allocated portion of goodwill related to these territories. We recognized a net gain of $17 million during the year ended December 31, 2019 and recognized net charges of $91 million and $3,177 million during the years ended December 31, 2018 and 2017, respectively. Included in these amounts is a net gain of $5 million during the year ended December 31, 2019

and net charges of $21 million and $1,104 million during the years ended December 31, 2018 and 2017, respectively, from transactions with equity method investees or former management. The net gain in 2019 and net charges in 2018 were primarily related to post-closing adjustments as contemplated by the related agreements. The net charges in 2017 were primarily related to the derecognition of the intangible assets transferred or reclassified as held for sale and were included in the line item other income (loss) — net in our consolidated

statements of income. The net charges in 2017 included $236 million of expense associated with an indemnification liability related to an underfunded multi-employer benefit plan in which employees of certain refranchised territories participate. In total, we expect to recover the value of the intangible assets transferred to the bottlers under the CBAs through the future quarterly payments; however, as the payments for the territory rights are dependent on the bottlers' future gross profit in these territories, they are considered a form of contingent consideration.

There is diversity in practice as it relates to the accounting for contingent consideration by the seller. The seller can account for the future contingent payments received as a gain contingency, recognizing the amounts in the statement of income only after the related contingencies are resolved and the gain is realized, which in this arrangement will be quarterly as the bottlers earn gross profit in the transferred territories. Alternatively, the seller can record a receivable for the contingent consideration at fair value on the date of sale and record any future differences between the payments received and this receivable in the statement of income as they occur. We elected the gain contingency treatment since the quarterly payments will be received throughout the terms of the CBAs, including all subsequent renewals, regardless of the cumulative amount received as compared to the value of the intangible assets transferred.

During the years ended December 31, 2019, 2018 and 2017, the Company recorded charges of $4 million, $34 million and $313 million, respectively, primarily related to payments made to certain of our unconsolidated bottling partners in order to convert the bottling agreements for their legacy territories and any previously refranchised territories to a single form of CBA with additional requirements. The additional requirements generally include a binding national governance model, mandatory incidence pricing and additional core performance requirements, among other things. As a result of these conversions, the legacy territories and any previously refranchised territories for each of the related bottling partners will be governed under similar CBAs, which will provide consistency across each such bottler's respective territory, as well as consistency with other U.S. bottlers that have been granted or converted to this form of CBA. The charges related to these payments were included in the line item other income (loss) — net in our consolidated statements of income.

On April 1, 2017, the Company refranchised the Southwest operating unit of CCR, which includes Texas and parts of Oklahoma, New Mexico and Arkansas, in the Southwest Transaction. In conjunction with the Southwest Transaction, Arca contributed its existing beverage business to AC Bebidas. CCR contributed its Southwest operating unit, including all of its assets and liabilities, to AC Bebidas in exchange for an approximate 20 percent interest in AC Bebidas. Arca owns the remaining interest in AC Bebidas. CCR also made cash payments of $144 million, net of cash received. As a result of the Southwest Transaction, the Company recognized a gain of $1,037 million due to the difference in the recorded carrying value of the net assets transferred compared to the value of the interest it obtained in AC Bebidas of $2,960 million, which was determined using an income and market approach (a Level 3 measurement). This gain was recorded in the line item other income (loss) — net in our consolidated statement of income. The Company accounts for its interest in AC Bebidas as an equity method investment based on our equity ownership percentage, our representation on AC Bebidas' Board of Directors, material intercompany transactions and other governance rights.

Refranchising of China Bottling Operations

In 2017, the Company sold its bottling operations in China to the two existing local franchise bottlers, one of which is an equity method investee, and sold a related cost method investment to one of the franchise bottlers. We received net cash proceeds of $963 million as a result of these sales and recognized a gain of $88 million during the year ended December 31, 2017, which was included in the line item other income (loss) — net in our consolidated statement of income.

NOTE 3: REVENUE RECOGNITION

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our domestic and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as

our "bottlers" or our "bottling partners"). Our bottling partners either combine concentrates with sweeteners (depending on the product), still water or sparkling water, or combine syrups with still or sparkling water, to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks

or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments and our Global Ventures operating segment.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers or Company-owned Costa retail outlets. These operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments or our Global Ventures operating segment. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

We adopted ASC 606 effective January 1, 2018 using the modified retrospective method. We have applied this standard to all contracts at the effective date and contracts entered into thereafter. Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates, syrups or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates, syrups or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Upon transfer of control to the customer, which completes our performance obligation, revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In most markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we have implemented an incidence-based concentrate pricing model. Under this model, the price we charge bottlers for concentrate they use to prepare and package finished products is impacted by a number of factors, including, but not limited to, the prices charged by the bottlers for such finished products, the channels in which they are sold, and package mix. The amounts associated with the arrangements described above are defined as variable consideration under ASC 606, an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates. The change in the amount of variable consideration recognized during the year ended December 31, 2019 related to performance obligations satisfied in prior periods was immaterial.

In addition to changes in the timing of when we record variable consideration, ASC 606 provided clarification about the classification of certain costs relating to revenue arrangements with customers. As a result, during the years ended December 31, 2019 and 2018, we recorded certain amounts in cost of goods sold or selling, general and administrative expenses that were previously classified as reductions in net operating revenues. The Company also re-evaluated the principal versus agent considerations pertaining to certain of its arrangements with third-party manufacturers and co-packers. We recorded certain costs in net operating revenues which were previously recorded

in cost of goods sold related to arrangements in which we concluded we did not control the goods before they were delivered to our customers.

Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectibility was reasonably assured. For our Company,

this generally meant that we recognized revenue when title to our products was transferred to our bottling partners, resellers or other customers. Title usually transferred upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of each transaction. Our sales terms did not allow for a right of return except for matters related to any manufacturing defects on our part. Our customers could earn certain incentives which were included in deductions from revenue, a component of net operating revenues in our consolidated statement of income. These incentives included, but were not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. In preparing the financial statements, management made estimates related to the contractual terms, customer performance and sales volume to determine the total amounts recorded as deductions from revenue. Management also considered past results in making such estimates. The actual amounts ultimately paid may have been different from our estimates. Such differences were recorded once they were determined and historically were not significant.

The following table presents net operating revenues disaggregated between the United States and International and further by line of business (in millions):

	United States	International	Total
Year Ended December 31, 2019			
Concentrate operations	**$ 5,252**	**$ 15,247**	**$ 20,499**
Finished product operations	**6,463**	**10,304**	**16,767**
Total	**$ 11,715**	**$ 25,551**	**$ 37,266**
Year Ended December 31, 2018			
Concentrate operations	$ 4,571	$ 15,323	$ 19,894
Finished product operations	6,773	7,633	14,406
Total	$ 11,344	$ 22,956	$ 34,300

Refer to Note 21 for additional revenue disclosures by operating segment and Corporate.

NOTE 4: INVESTMENTS

Effective January 1, 2018, we adopted ASU 2016-01, which requires us to measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in earnings. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis. We recognized a cumulative effect adjustment of $409 million, net of tax, to increase the opening balance of reinvested earnings with an offset to AOCI as of January 1, 2018 in connection with the adoption of ASU 2016-01.

Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as either trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in AOCI, net of tax. Equity securities without readily determinable fair values were recorded at cost.

Our investments in debt securities are carried at either amortized cost or fair value. The cost basis is determined by the specific identification method. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of AOCI, except for the change in fair value attributable to the currency risk being hedged, if applicable, which is included in net income. Refer to Note 6 for additional information related to the Company's fair value hedges of available-for-sale debt securities.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Similarly, prior to the adoption of ASU 2016-01, equity investments classified as trading were not tested for impairment. Equity method investments, equity securities without readily determinable

fair values and debt securities classified as available-for-sale or held-to-maturity are, and prior to the adoption of ASU 2016-01 equity securities classified as available-for-sale and cost method investments were, reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or

changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe market participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Equity Securities

The carrying values of our equity securities were included in the following line items in our consolidated balance sheets (in millions):

	Fair Value with Changes Recognized in Income	Measurement Alternative — No Readily Determinable Fair Value
December 31, 2019		
Marketable securities	**$ 329**	**$ —**
Other investments	**772**	**82**
Other assets	**1,118**	**—**
Total equity securities	**$ 2,219**	**$ 82**
December 31, 2018		
Marketable securities	$ 278	$ —
Other investments	787	80
Other assets	869	—
Total equity securities	$ 1,934	$ 80

The calculation of net unrealized gains and losses recognized during the year related to equity securities still held at the end of the year is as follows (in millions):

Year Ended December 31,	**2019**	2018
Net gains (losses) recognized during the year related to equity securities	**$ 218**	$ (250)
Less: Net gains (losses) recognized during the year related to equity securities sold during the year	**27**	8
Net unrealized gains (losses) recognized during the year related to equity securities still held at the end of the year	**$ 191**	$ (258)

The sale and/or maturity of available-for-sale equity securities resulted in the following realized activity (in millions):

	Year Ended December 31, 2017
Gross gains	$ 61
Gross losses	(19)
Proceeds	275

Debt Securities

Our debt securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2019				
Trading securities	**$ 46**	**$ 1**	**$ —**	**$ 47**
Available-for-sale securities	**3,172**	**113**	**(4)**	**3,281**
Total debt securities	**$ 3,218**	**$ 114**	**$ (4)**	**$ 3,328**
December 31, 2018				
Trading securities	$ 45	$ —	$ (1)	$ 44
Available-for-sale securities	4,901	119	(27)	4,993
Total debt securities	$ 4,946	$ 119	$ (28)	$ 5,037

The carrying values of our debt securities were included in the following line items in our consolidated balance sheets (in millions):

	December 31, 2019		December 31, 2018	
	Trading Securities	**Available-for-Sale Securities**	Trading Securities	Available-for-Sale Securities
Cash and cash equivalents	**$ —**	**$ 123**	$ —	$ —
Marketable securities	**47**	**2,852**	44	4,691
Other assets	**—**	**306**	—	302
Total debt securities	**$ 47**	**$ 3,281**	$ 44	$ 4,993

The contractual maturities of these available-for-sale debt securities as of December 31, 2019 were as follows (in millions):

	Cost	Estimated Fair Value
Within 1 year	$ 1,943	$ 1,982
After 1 year through 5 years	970	1,022
After 5 years through 10 years	72	84
After 10 years	187	193
Total	$ 3,172	$ 3,281

The Company expects that actual maturities may differ from the contractual maturities above because borrowers have the right to call or prepay certain obligations.

The sale and/or maturity of available-for-sale debt securities resulted in the following realized activity (in millions):

Year Ended December 31,	**2019**	2018	2017
Gross gains	**$ 39**	$ 22	$ 7
Gross losses	**(8)**	(27)	(13)
Proceeds	**3,956**	13,710	13,930

Captive Insurance Companies

In accordance with local insurance regulations, our captive insurance companies are required to meet and maintain minimum solvency capital requirements. The Company elected to invest a majority of its solvency capital in a portfolio of marketable equity and debt securities. These securities are included in the disclosures above. The

Company uses one of its consolidated captive insurance companies to reinsure group annuity insurance contracts that cover the pension obligations of certain of our European and Canadian pension plans. This captive's solvency capital funds included equity and debt securities of $1,266 million as of December 31, 2019 and $1,056 million as of December 31, 2018, which are classified in the line item other assets in our consolidated balance sheets because the assets are not available to satisfy our current obligations.

NOTE 5: INVENTORIES

Inventories consist primarily of raw materials and packaging (which include ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate operations and finished beverages in our finished product operations). Inventories are valued at the lower of cost or net realizable value. We determine cost on the basis of the average cost or first-in, first-out methods. Inventories consisted of the following (in millions):

December 31,		**2019**		2018
Raw materials and packaging	**$**	**2,180**	$	2,025
Finished goods		**851**		773
Other		**348**		273
Total inventories	**$**	**3,379**	$	3,071

NOTE 6: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, our Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative and non-derivative financial instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts, commodity futures contracts, option contracts, collars and swaps. Forward contracts and commodity futures contracts are agreements to buy or sell a quantity of a currency or commodity at a predetermined future date and at a predetermined rate or price. An option contract is an agreement that conveys the purchaser the right, but not the obligation, to buy or sell a quantity of a currency or commodity at a predetermined rate or price during a period or at a time in the future. A collar is a strategy that uses a combination of options to limit the range of possible positive or negative returns on an underlying asset or liability to a specific range, or to protect expected future cash flows. To do this, an investor simultaneously buys a put option and sells (writes) a call option, or alternatively buys a call option and sells (writes) a put option. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. We do not enter into derivative financial instruments for trading purposes. The Company may also designate certain non-derivative instruments, such as our foreign currency denominated third-party debt, in hedging relationships.

All derivative instruments are carried at fair value in our consolidated balance sheets, primarily in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The carrying values of the derivatives reflect the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. These master netting agreements allow the Company to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the type of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statement of income as the changes in the fair values of the hedged items attributable to the risk being hedged. The changes in the fair values of derivatives that have been designated and qualify as cash flow hedges or hedges of net investments in foreign operations are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the values of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in the fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

For derivatives that will be accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, the Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures.

The Company determines the fair values of its derivatives based on quoted market prices or pricing models using current market rates. Refer to Note 18. The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates, commodity rates or other financial indices. The Company does not view the fair values of its derivatives in isolation but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

We adopted ASU 2017-12 effective January 1, 2019 using the modified retrospective method. For highly effective cash flow hedges, this ASU requires the entire change in fair value of the hedging instrument included in the assessment of hedge effectiveness to be recorded in other comprehensive income. No components of the Company's hedging instruments were excluded from the assessment of hedge effectiveness. To reflect the adoption of the new hedging standard on our cash flow hedging relationships at January 1, 2019, we recorded a $6 million increase, net of taxes, to the opening balance of reinvested earnings and a corresponding decrease to AOCI. For fair value hedges of interest rate risk, this ASU allows entities to elect to use the benchmark interest rate component of the contractual coupon cash flows to calculate the change in fair value of the hedged item attributable to changes in the benchmark interest rate. As a result of applying the new hedging standard to our fair value hedges on January 1, 2019, we recorded a $24 million increase to our hedged long-term debt balances, with a corresponding decrease to the opening balance of reinvested earnings of $18 million, net of taxes.

The following table presents the fair values of the Company's derivative instruments that were designated and qualified as part of a hedging relationship (in millions):

		Fair Value[1,2]	
Derivatives Designated as Hedging Instruments	Balance Sheet Location[1]	**December 31, 2019**	December 31, 2018
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 24**	$ 43
Foreign currency contracts	Other assets	**91**	114
Interest rate contracts	Prepaid expenses and other assets	**10**	—
Interest rate contracts	Other assets	**427**	88
Total assets		**$ 552**	$ 245
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 40**	$ 19
Foreign currency contracts	Other liabilities	**48**	15
Commodity contracts	Accounts payable and accrued expenses	**—**	1
Interest rate contracts	Other liabilities	**21**	40
Total liabilities		**$ 109**	$ 75

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 18 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 18 for additional information related to the estimated fair value.

The following table presents the fair values of the Company's derivative instruments that were not designated as hedging instruments (in millions):

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2] December 31, 2019	Fair Value[1,2] December 31, 2018
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 13**	$ 61
Commodity contracts	Prepaid expenses and other assets	**8**	2
Commodity contracts	Other assets	**2**	—
Other derivative instruments	Prepaid expenses and other assets	**12**	7
Other derivative instruments	Other assets	**1**	—
Total assets		**$ 36**	$ 70
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 39**	$ 101
Commodity contracts	Accounts payable and accrued expenses	**13**	38
Commodity contracts	Other liabilities	**1**	8
Other derivative instruments	Accounts payable and accrued expenses	**—**	13
Total liabilities		**$ 53**	$ 160

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 18 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 18 for additional information related to the estimated fair value.

Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral for substantially all of our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. In addition, the Company's master netting agreements reduce credit risk by permitting the Company to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, commodity prices or interest rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is typically four years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our eventual U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens against the foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of the derivative

instruments. The total notional values of derivatives that have been designated and qualify for the Company's foreign currency cash flow hedging program were $6,957 million and $3,175 million as of December 31, 2019 and 2018, respectively.

The Company uses cross-currency swaps to hedge the changes in cash flows of certain of its foreign currency denominated debt and other monetary assets or liabilities due to changes in foreign currency exchange rates. For this hedging program, the

Company records the change in carrying value of these foreign currency denominated assets and liabilities due to changes in exchange rates into earnings each period. The changes in fair value of the cross-currency swap derivatives are recorded in AOCI with an immediate reclassification into earnings for the change in fair value attributable to fluctuations in foreign currency exchange rates. As of December 31, 2019 and 2018, the total notional values of derivatives that have been designated as cash flow hedges for the Company's foreign currency denominated assets and liabilities were $3,028 million.

The Company has entered into commodity futures contracts and other derivative instruments on various commodities to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as part of the Company's commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional value of derivatives that have been designated and qualify for this program were $2 million and $9 million as of December 31, 2019 and 2018, respectively.

Our Company monitors our mix of short-term debt and long-term debt regularly. From time to time, we manage our risk to interest rate fluctuations through the use of derivative financial instruments. The Company has entered into interest rate swap agreements and has designated these instruments as part of the Company's interest rate cash flow hedging program. The objective of this hedging program is to mitigate the risk of adverse changes in benchmark interest rates on the Company's future interest payments. During the year ended December 31, 2018, we discontinued the cash flow hedge relationship related to these swaps. We reclassified a loss of $8 million into earnings as a result of the discontinuance. As of December 31, 2019 and 2018, we did not have any interest rate swaps designated as a cash flow hedge.

The following table presents the pretax impact that changes in the fair values of derivatives designated as cash flow hedges had on AOCI and earnings (in millions):

	Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income[1]	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)[2]
2019				
Foreign currency contracts	**$ (58)**	Net operating revenues	**$ (3)**	**$ —**
Foreign currency contracts	**1**	Cost of goods sold	**11**	**—**
Foreign currency contracts	**—**	Interest expense	**(9)**	**—**
Foreign currency contracts	**(97)**	Other income (loss) — net	**(119)**	**—**
Interest rate contracts	**(47)**	Interest expense	**(42)**	**—**
Commodity contracts	**1**	Cost of goods sold	**—**	**—**
Total	**$ (200)**		**$ (162)**	**$ —**
2018				
Foreign currency contracts	$ 9	Net operating revenues	$ 136	$ 1
Foreign currency contracts	15	Cost of goods sold	8	(3)
Foreign currency contracts	—	Interest expense	(9)	—
Foreign currency contracts	23	Other income (loss) — net	(5)	(4)
Interest rate contracts	22	Interest expense	(40)	(8)
Commodity contracts	(1)	Cost of goods sold	—	(5)
Total	$ 68		$ 90	$ (19)
2017				
Foreign currency contracts	$ (226)	Net operating revenues	$ 443	$ 1
Foreign currency contracts	(26)	Cost of goods sold	(2)	—[3]
Foreign currency contracts	—	Interest expense	(9)	—
Foreign currency contracts	92	Other income (loss) — net	107	3
Interest rate contracts	(22)	Interest expense	(37)	2
Commodity contracts	(6)	Cost of goods sold	(1)	—
Total	$ (188)		$ 501	$ 6

[1] The Company records gains and losses reclassified from AOCI into income for the effective portion and the ineffective portion, if any, to the same line items in our consolidated statement of income.

[2] Effective January 1, 2019, ASU 2017-12 eliminated the requirement to separately measure and report hedge ineffectiveness for cash flow hedges. No components of the Company's hedging instruments were excluded from the assessment of hedge effectiveness.

[3] Includes a de minimis amount of ineffectiveness in the hedging relationship.

As of December 31, 2019, the Company estimates that it will reclassify into earnings during the next 12 months net losses of $72 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

Fair Value Hedging Strategy

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that results from fluctuations in benchmark interest rates. The Company also uses cross-currency interest rate swaps to hedge the changes in the fair value of foreign currency denominated debt relating to changes in foreign currency exchange rates and benchmark interest rates. The changes in fair values of derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining

unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the

hedged item has matured. The total notional values of derivatives related to our fair value hedges of this type were $12,523 million and $8,023 million as of December 31, 2019 and 2018, respectively.

The Company also uses fair value hedges to minimize exposure to changes in the fair value of certain available-for-sale securities from fluctuations in foreign currency exchange rates. The changes in fair values of derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items due to changes in foreign currency exchange rates are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. As of December 31, 2019 and 2018, we did not have any fair value hedges of this type.

The following table summarizes the pretax impact that changes in the fair values of derivatives designated as fair value hedges had on earnings (in millions):

Hedging Instruments and Hedged Items	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income
2019		
Interest rate contracts	Interest expense	**$ 368**
Fixed-rate debt	Interest expense	**(369)**
Net impact to interest expense		**$ (1)**
Net impact of fair value hedging instruments		**$ (1)**
2018		
Interest rate contracts	Interest expense	$ 34
Fixed-rate debt	Interest expense	(38)
Net impact to interest expense		$ (4)
Foreign currency contracts	Other income (loss) — net	$ (6)
Available-for-sale securities	Other income (loss) — net	6
Net impact to other income (loss) — net		$ —
Net impact of fair value hedging instruments		$ (4)
2017		
Interest rate contracts	Interest expense	$ (69)
Fixed-rate debt	Interest expense	63
Net impact to interest expense		$ (6)
Foreign currency contracts	Other income (loss) — net	$ (37)
Available-for-sale securities	Other income (loss) — net	44
Net impact to other income (loss) — net		$ 7
Net impact of fair value hedging instruments		$ 1

The following table summarizes the amounts recorded in the consolidated balance sheets related to hedged items in fair value hedging relationships (in millions):

	Carrying Value of the Hedged Item		Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Value of the Hedged Item[1]	
Balance Sheet Location of Hedged Item	**December 31, 2019**	December 31, 2018	**December 31, 2019**	December 31, 2018
Current maturities of long-term debt	**$ 1,004**	$ —	**$ 5**	$ —
Long-term debt	**12,087**	8,043	**448**	62

[1] Cumulative amount of fair value hedging adjustments does not include changes due to foreign currency exchange rates.

Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts and a portion of its foreign currency denominated debt, a non-derivative financial instrument, to protect the value of our net investments in a number of foreign operations. For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in fair values of the derivative instruments are recognized in net foreign currency translation adjustments, a component of AOCI, to offset the changes in the values of the net investments being hedged. For non-derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the change in the carrying value of the designated portion of the non-derivative financial instrument due to changes in foreign currency exchange rates is recorded in net foreign currency translation adjustments. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change.

The following table summarizes the notional values and pretax impact of changes in the fair values of instruments designated as net investment hedges (in millions):

	Notional Amount as of December 31,		Gain (Loss) Recognized in OCI Year Ended December 31,		
	2019	2018	**2019**	2018	2017
Foreign currency contracts	**$ —**	$ —	**$ 51**	$ (14)	$ (7)
Foreign currency denominated debt	**12,334**	12,494	**144**	653	(1,505)
Total	**$ 12,334**	$ 12,494	**$ 195**	$ 639	$ (1,512)

The Company did not reclassify any gains or losses related to net investment hedges from AOCI to earnings during the years ended December 31, 2019, 2018 and 2017. In addition, the Company did not have any ineffectiveness related to net investment hedges during the years ended December 31, 2019, 2018 and 2017. The cash inflows and outflows associated with the Company's derivative contracts designated as net investment hedges are classified in the line item other investing activities in our consolidated statement of cash flows.

Economic (Non-Designated) Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges of foreign currency, interest rate and commodity exposure. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in fair value of economic hedges are immediately recognized into earnings.

The Company uses foreign currency economic hedges to offset the earnings impact that fluctuations in foreign currency exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. The changes in fair value of economic hedges used to offset those monetary assets and liabilities are immediately recognized into earnings in the line item other income (loss) — net in our consolidated statement of income. In addition, we use foreign currency economic hedges to minimize the variability in cash flows associated with fluctuations in foreign currency exchange rates, including those related to certain acquisition and divestiture activities. The changes in fair values of economic hedges used to offset the variability in U.S. dollar net cash flows are recognized into earnings in the line items net operating revenues, cost of goods sold or other income (loss) — net in our consolidated statement of income, as applicable. The total notional values of derivatives related to our foreign currency economic hedges were $4,291 million and $10,939 million as of December 31, 2019 and 2018, respectively.

The Company also uses certain derivatives as economic hedges to mitigate the price risk associated with the purchase of materials used in the manufacturing process and for vehicle fuel. The changes in fair values of these economic hedges are immediately recognized into earnings in the line items net operating revenues, cost of goods sold, or selling, general and administrative expenses in our consolidated statement of income, as applicable. The total notional values of derivatives related to our economic hedges of this type were $425 million and $373 million as of December 31, 2019 and 2018, respectively.

The following table presents the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings (in millions):

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income Year Ended December 31, 2019	2018	2017
Foreign currency contracts	Net operating revenues	**$ (4)**	$ 22	$ (30)
Foreign currency contracts	Cost of goods sold	**1**	9	(1)
Foreign currency contracts	Other income (loss) — net	**(66)**	(264)	73
Commodity contracts	Net operating revenues	**—**	—	16
Commodity contracts	Cost of goods sold	**(23)**	(25)	15
Commodity contracts	Selling, general and administrative expenses	**—**	—	1
Interest rate contracts	Interest expense	**—**	(1)	—
Other derivative instruments	Selling, general and administrative expenses	**47**	(18)	46
Other derivative instruments	Other income (loss) — net	**48**	(22)	1
Total		**$ 3**	$ (299)	$ 121

NOTE 7: EQUITY METHOD INVESTMENTS

Our consolidated net income includes our Company's proportionate share of the net income or loss of our equity method investees. When we record our proportionate share of net income, it increases equity income (loss) — net in our consolidated statement of income and our carrying value in that investment. Conversely, when we record our proportionate share of a net loss, it decreases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investees. These items can have a significant impact on the amount of equity income (loss) — net in our consolidated statement of income and our carrying value in those investments. Refer to Note 19 for additional information related to significant operating and nonoperating items recorded by our equity method investees. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the equity investee's AOCI.

We eliminate from our financial results all significant intercompany transactions to the extent of our ownership interest, including the intercompany portion of transactions with equity method investees.

The Company's equity method investments include, but are not limited to, our ownership interests in Coca-Cola European Partners plc ("CCEP"), Monster, AC Bebidas, Coca-Cola FEMSA, Coca-Cola HBC AG ("Coca-Cola Hellenic") and Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI"). As of December 31, 2019, we owned approximately 19 percent, 19 percent, 20 percent, 28 percent, 23 percent and 19 percent, respectively, of these companies' outstanding shares. As of December 31, 2019, our investments in our equity method investees in the aggregate exceeded our proportionate share of the net assets of these equity method investees by $8,679 million. This difference is not amortized.

A summary of financial information for our equity method investees in the aggregate is as follows (in millions):

Year Ended December 31,[1]	2019	2018	2017
Net operating revenues	**$ 75,980**	$ 75,482	$ 73,343
Cost of goods sold	**44,881**	44,933	42,871
Gross profit	**$ 31,099**	$ 30,549	$ 30,472
Operating income	**$ 7,748**	$ 7,511	$ 7,577
Consolidated net income	**$ 4,597**	$ 4,646	$ 4,545
Less: Net income attributable to noncontrolling interests	**63**	101	120
Net income attributable to common shareowners	**$ 4,534**	$ 4,545	$ 4,425

Company equity income (loss) — net	**$ 1,049**	$ 1,008	$ 1,072

[1] The financial information represents the results of the equity method investees during the Company's period of ownership.

December 31,		2019		2018
Current assets	**$**	**25,654**	$	23,249
Noncurrent assets		**68,269**		66,733
Total assets	**$**	**93,923**	$	89,982
Current liabilities	**$**	**20,271**	$	18,100
Noncurrent liabilities		**31,321**		29,144
Total liabilities	**$**	**51,592**	$	47,244
Equity attributable to shareowners of investees	**$**	**41,203**	$	41,558
Equity attributable to noncontrolling interests		**1,128**		1,180
Total equity	**$**	**42,331**	$	42,738
Company equity method investments	**$**	**19,025**	$	19,412

Net sales to equity method investees, the majority of which are located outside the United States, were $14,832 million, $14,799 million and $14,144 million in 2019, 2018 and 2017, respectively. Total payments, primarily marketing, made to equity method investees were $897 million, $1,131 million and $930 million in 2019, 2018 and 2017, respectively. The decrease in payments made to equity method investees in 2019 was primarily due to changes in bottler funding arrangements. In addition, purchases of beverage products from equity method investees were $426 million, $536 million and $1,299 million in 2019, 2018 and 2017, respectively. The decrease in purchases of beverage products in 2019 and 2018 was primarily due to reduced purchases of Monster products as a result of the North America refranchising activities. Refer to Note 2.

The following table presents the difference between calculated fair values, based on quoted closing prices of publicly traded shares, and our Company's carrying value in investments in publicly traded companies accounted for under the equity method (in millions):

December 31, 2019		Fair Value		Carrying Value		**Difference**
Monster Beverage Corporation	$	6,490	$	3,781	**$**	**2,709**
Coca-Cola European Partners plc		4,475		3,604		**871**
Coca-Cola FEMSA, S.A.B. de C.V.		3,461		1,758		**1,703**
Coca-Cola HBC AG		2,801		1,109		**1,692**
Coca-Cola Amatil Limited		1,674		611		**1,063**
Coca-Cola Bottlers Japan Holdings Inc.		866		765		**101**
Coca-Cola Consolidated, Inc.		705		142		**563**
Coca-Cola İçecek A.Ş.		347		210		**137**
Embotelladora Andina S.A.		163		109		**54**
Total	$	20,982	$	12,089	**$**	**8,893**

Net Receivables and Dividends from Equity Method Investees

Total net receivables due from equity method investees were $1,707 million and $1,564 million as of December 31, 2019 and 2018, respectively. The total amount of dividends received from equity method investees was $628 million, $551 million and $443 million for the years ended December 31, 2019, 2018 and 2017, respectively. The amount of consolidated reinvested earnings that represents undistributed earnings of investments accounted for under the equity method as of December 31, 2019 was $4,983 million.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The following table summarizes our property, plant and equipment (in millions):

December 31,	2019	2018
Land	**$ 659**	$ 485
Buildings and improvements	**4,576**	4,322
Machinery and equipment	**13,686**	12,804
Property, plant and equipment — cost	**18,921**	17,611
Less: Accumulated depreciation	**8,083**	8,013
Property, plant and equipment — net	**$ 10,838**	$ 9,598

NOTE 9: INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table presents the carrying values of indefinite-lived intangible assets included in our consolidated balance sheets (in millions):

December 31,	2019	2018
Trademarks[1]	**$ 9,266**	$ 6,682
Bottlers' franchise rights	**109**	51
Goodwill[1]	**16,764**	14,109
Other	**110**	106
Indefinite-lived intangible assets	**$ 26,249**	$ 20,948

[1] Refer to Note 2 for information related to the Company's acquisitions and divestitures.

The following table provides information related to the carrying value of our goodwill by operating segment (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Global Ventures	Bottling Investments	Total
2018							
Balance at beginning of year	$ 689	$ 150	$ 7,954	$ 143	$ 411	$ 4,302	$ 13,649
Effect of foreign currency translation	(58)	(9)	—	(4)	—	(202)	(273)
Acquisitions[1]	12	—	—	13	—	773	798
Purchase accounting adjustments[1,2]	408	27	(11)	—	3	(487)	(60)
Divestitures, deconsolidations and other[1]	—	—	—	—	—	(5)	(5)
Balance at end of year	$ 1,051	$ 168	$ 7,943	$ 152	$ 414	$ 4,381	$ 14,109
2019							
Balance at beginning of year	**$ 1,051**	**$ 168**	**$ 7,943**	**$ 152**	**$ 414**	**$ 4,381**	**$ 14,109**
Effect of foreign currency translation	**(8)**	**2**	**—**	**1**	**1**	**79**	**75**
Acquisitions[1]	**141**	**—**	**—**	**—**	**2,505**	**173**	**2,819**
Purchase accounting adjustments[1,3]	**110**	**—**	**—**	**17**	**(114)**	**(252)**	**(239)**
Balance at end of year	**$ 1,294**	**$ 170**	**$ 7,943**	**$ 170**	**$ 2,806**	**$ 4,381**	**$ 16,764**

[1] For information related to the Company's acquisitions and divestitures, refer to Note 2.

[2] Includes the allocation of goodwill from the Bottling Investments segment to other reporting units expected to benefit from the consolidation of CCBA. Refer to Note 2.

[3] Includes the allocation of goodwill from the Global Ventures segment to other reporting units expected to benefit from the Costa acquisition as well as the finalization of purchase accounting related to CCBA and the Philippine bottling operations. Refer to Note 2.

Definite-Lived Intangible Assets

The following table provides information related to definite-lived intangible assets (in millions):

	December 31, 2019			December 31, 2018		
	Gross Carrying Value	**Accumulated Amortization**	**Net Carrying Value**	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	**$ 344**	**$ (177)**	**$ 167**	$ 290	$ (151)	$ 139
Bottlers' franchise rights	**341**	**(94)**	**247**	396	(18)	378
Trademarks	**177**	**(99)**	**78**	186	(91)	95
Other	**55**	**(30)**	**25**	88	(61)	27
Total	**$ 917**	**$ (400)**	**$ 517**	$ 960	$ (321)	$ 639

Total amortization expense for intangible assets subject to amortization was $120 million, $49 million and $68 million in 2019, 2018 and 2017, respectively. The increase in amortization expense in 2019 was due to the amortization of CCBA's definite-lived intangible assets that were previously classified as held for sale.

Based on the carrying value of definite-lived intangible assets as of December 31, 2019, we estimate our amortization expense for the next five years will be as follows (in millions):

	Amortization Expense
2020	$ 180
2021	112
2022	56
2023	52
2024	40

NOTE 10: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in millions):

December 31,	**2019**	2018
Accounts payable	**$ 3,804** [1]	$ 2,719
Accrued marketing expenses	**2,059**	1,787
Other accrued expenses	**3,835**	3,560
Accrued compensation	**1,021**	918
Accrued sales, payroll and other taxes	**442**	362
Container deposits	**151**	187
Accounts payable and accrued expenses	**$ 11,312**	$ 9,533

[1] The increase in accounts payable in 2019 was primarily driven by extending payment terms with our suppliers.

NOTE 11: LEASES

We have operating leases primarily for real estate, vehicles, and manufacturing and other equipment.

Balance sheet information related to operating leases is as follows (in millions):

		December 31, 2019
Operating lease ROU assets[1]	$	1,372
Current portion of operating lease liabilities[2]	$	281
Noncurrent portion of operating lease liabilities[3]		1,111
Total operating lease liabilities	$	1,392

[1] Operating lease ROU assets are recorded in the line item other assets in our consolidated balance sheet.

[2] The current portion of operating lease liabilities is recorded in the line item accounts payable and accrued expenses in our consolidated balance sheet.

[3] The noncurrent portion of operating lease liabilities is recorded in the line item other liabilities in our consolidated balance sheet.

We had operating lease costs of $327 million for the year ended December 31, 2019. During 2019, cash paid for amounts included in the measurement of operating lease liabilities was $339 million. Operating lease ROU assets obtained in exchange for operating lease obligations were $308 million for the year ended December 31, 2019.

Information associated with the measurement of our remaining operating lease obligations as of December 31, 2019 is as follows:

Weighted-average remaining lease term	7 years
Weighted-average discount rate	3 %

Our leases have remaining lease terms of 1 year to 25 years, inclusive of renewal or termination options that we are reasonably certain to exercise.

The following table summarizes the maturity of our operating lease liabilities as of December 31, 2019 (in millions):

2020	$	297
2021		260
2022		221
2023		179
2024		144
Thereafter		444
Total operating lease payments	$	1,545
Less: Imputed interest		153
Total operating lease liabilities	$	1,392

The following table summarizes our minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2018 (in millions):

2019	$	156
2020		87
2021		72
2022		63
2023		45
Thereafter		102
Total minimum operating lease payments	$	525

NOTE 12: DEBT AND BORROWING ARRANGEMENTS

Short-Term Borrowings

Loans and notes payable consist primarily of commercial paper issued in the United States. As of December 31, 2019 and 2018, we had $10,007 million and $13,063 million, respectively, in outstanding commercial paper borrowings. Our weighted-average interest rates for commercial paper outstanding were approximately 2.0 percent and 2.6 percent per year as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the Company also had $987 million and $772 million, respectively, in lines of credit, short-term credit facilities and other short-term borrowings that were primarily related to our international operations.

In addition, we had $11,911 million in unused lines of credit and other short-term credit facilities as of December 31, 2019, of which $8,940 million was in backup lines of credit for general corporate purposes. These backup lines of credit expire at various times from 2020 through 2024. There were no borrowings under these corporate backup lines of credit during 2019. These credit facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which is presently significant to our Company.

Long-Term Debt

During 2019, the Company issued euro- and U.S. dollar-denominated debt of €3,500 million and $2,000 million, respectively. The carrying value of this debt as of December 31, 2019 was $5,891 million. The general terms of the notes issued are as follows:

- €750 million total principal amount of notes due March 8, 2021, at a variable interest rate equal to the three month Euro Interbank Offered Rate ("EURIBOR") plus 0.20 percent;
- €1,000 million total principal amount of notes due September 22, 2022, at a fixed interest rate of 0.125 percent;
- €1,000 million total principal amount of notes due September 22, 2026, at a fixed interest rate of 0.75 percent;
- €750 million total principal amount of notes due March 8, 2031, at a fixed interest rate of 1.25 percent;
- $1,000 million total principal amount of notes due September 6, 2024, at a fixed interest rate of 1.75 percent; and
- $1,000 million total principal amount of notes due September 6, 2029, at a fixed interest rate of 2.125 percent.

During 2019, the Company retired upon maturity euro- and U.S. dollar-denominated notes. The general terms of the notes retired are as follows:

- €1,500 million total principal amount of notes due March 8, 2019, at a variable interest rate equal to the three month EURIBOR plus 0.25 percent;
- €2,000 million total principal amount of notes due September 9, 2019, at a variable interest rate equal to the three month EURIBOR plus 0.23 percent; and
- $1,000 million total principal amount of notes due May 30, 2019, at a fixed interest rate of 1.375 percent.

During 2018, the Company retired upon maturity U.S. dollar-denominated notes and debentures. The general terms of the notes and debentures retired are as follows:

- $26 million total principal amount of debentures due January 29, 2018, at a fixed interest rate of 9.66 percent;
- $750 million total principal amount of notes due March 14, 2018, at a fixed interest rate of 1.65 percent;
- $1,250 million total principal amount of notes due April 1, 2018, at a fixed interest rate of 1.15 percent; and

- $1,250 million total principal amount of notes due November 1, 2018, at a fixed interest rate of 1.65 percent.

The Company also extinguished a portion of the long-term debt that was assumed in connection with our acquisition of Coca-Cola Enterprises Inc.'s former North America business ("Old CCE"). The extinguished debentures had a total principal amount of $94 million that was due to mature on May 15, 2098, at a fixed interest rate of 7.00 percent. Related to this extinguishment, the Company recorded a net gain of $27 million in the line item interest expense in our consolidated statement of income during the year ended December 31, 2018.

During 2017, the Company issued U.S. dollar- and euro-denominated debt of $1,000 million and €2,500 million, respectively. The carrying value of this debt as of December 31, 2017 was $3,974 million. The general terms of the notes issued are as follows:

- $500 million total principal amount of notes due May 25, 2022, at a fixed interest rate of 2.20 percent;

- $500 million total principal amount of notes due May 25, 2027, at a fixed interest rate of 2.90 percent;
- €1,500 million total principal amount of notes due March 8, 2019, at a variable interest rate equal to the three month EURIBOR plus 0.25 percent;
- €500 million total principal amount of notes due March 9, 2021, at a fixed interest rate of 0.00 percent; and
- €500 million total principal amount of notes due March 8, 2024, at a fixed interest rate of 0.50 percent.

During 2017, the Company retired upon maturity euro-, U.S. dollar-, and Swiss franc-denominated notes. The general terms of the notes retired are as follows:

- €2,000 million total principal amount of notes due March 9, 2017, at a variable interest rate equal to the three month EURIBOR plus 0.15 percent;
- $206 million total principal amount of notes due August 1, 2017, at a fixed interest rate of 7.125 percent;
- $750 million total principal amount of notes due October 27, 2017, at a fixed interest rate of 0.875 percent; and
- $225 million total principal amount of notes due November 16, 2017, at a variable interest rate equal to the three month London Interbank Offered Rate ("LIBOR") plus 0.05 percent; and
- SFr200 million total principal amount of notes due October 2, 2017, at a fixed interest rate of 0.00 percent.

In 2017, the Company also extinguished a portion of the long-term debt that was assumed in connection with our acquisition of Old CCE. The extinguished notes had a carrying value of $417 million, which included fair value adjustments recorded as part of purchase accounting. The general terms of the notes extinguished were as follows:

- $95.6 million total principal amount of notes due August 15, 2019, at a fixed interest rate of 4.50 percent;
- $38.6 million total principal amount of notes due February 1, 2022, at a fixed interest rate of 8.50 percent;
- $11.7 million total principal amount of notes due September 15, 2022, at a fixed interest rate of 8.00 percent;
- $36.5 million total principal amount of notes due September 15, 2023, at a fixed interest rate of 6.75 percent;
- $9.9 million total principal amount of notes due October 1, 2026, at a fixed interest rate of 7.00 percent;
- $53.8 million total principal amount of notes due November 15, 2026, at a fixed interest rate of 6.95 percent;
- $41.3 million total principal amount of notes due September 15, 2028, at a fixed interest rate of 6.75 percent;
- $32.0 million total principal amount of notes due October 15, 2036, at a fixed interest rate of 6.70 percent;
- $3.4 million total principal amount of notes due March 18, 2037, at a fixed interest rate of 5.71 percent;
- $24.3 million total principal amount of notes due January 15, 2038, at a fixed interest rate of 6.75 percent; and
- $4.7 million total principal amount of notes due May 15, 2098, at a fixed interest rate of 7.00 percent.

The Company recorded a net charge of $38 million related to the early extinguishment of long-term debt in the line item interest expense in our consolidated statement of income during the year ended December 31, 2017.

The Company's long-term debt consisted of the following (in millions except average rate data):

	December 31, 2019		December 31, 2018	
	Amount	**Average Rate [1]**	Amount	Average Rate[1]
U.S. dollar notes due 2020–2093	**$ 14,621**	**2.4 %**	$ 13,619	2.6 %
U.S. dollar debentures due 2022–2098	**1,366**	**4.9**	1,390	5.2
U.S. dollar zero coupon notes due 2020[2]	**168**	**8.4**	163	8.4
Australian dollar notes due 2020–2024	**677**	**2.4**	723	2.2
Euro notes due 2021–2036	**12,807**	**0.5**	12,994	0.6
Swiss franc notes due 2022–2028	**1,129**	**3.7**	1,128	3.6
Other, due through 2098[3]	**548**	**6.2**	300	4.0
Fair value adjustments[4]	**453**	**N/A**	62	N/A
Total[5,6]	**31,769**	**1.9 %**	30,379	1.9 %
Less: Current portion	**4,253**		5,003	
Long-term debt	**$ 27,516**		$ 25,376	

[1] Rates represent the weighted-average effective interest rate on the balances outstanding as of year end, as adjusted for the effects of interest rate swap agreements, cross-currency swap agreements and fair value adjustments, if applicable. Refer to Note 6 for a more detailed discussion on interest rate management.

[2] Amount is shown net of unamortized discounts of $3 million and $8 million as of December 31, 2019 and 2018, respectively.

[3] As of December 31, 2019, the amount shown includes $409 million of debt instruments and finance leases that are due through 2031.

[4] Amount represents changes in fair value due to changes in benchmark interest rates. Refer to Note 6 for additional information about our fair value hedging strategy.

[5] As of December 31, 2019 and 2018, the fair value of our long-term debt, including the current portion, was $32,725 million and $30,456 million, respectively.

[6] The above notes and debentures include various restrictions, none of which is presently significant to our Company.

The carrying value of the Company's long-term debt included fair value adjustments related to the debt assumed from Old CCE in 2010 of $186 million and $212 million as of December 31, 2019 and 2018, respectively. These fair value adjustments are being amortized over the number of years remaining until the underlying debt matures. As of December 31, 2019, the weighted-average maturity of the assumed debt to which these fair value adjustments relate was approximately 19 years. The amortization of these fair value adjustments will be a reduction of interest expense in future periods, which will typically result in our interest expense being less than the actual interest paid to service the debt. Total interest paid was $921 million, $903 million and $803 million in 2019, 2018 and 2017, respectively.

Maturities of long-term debt for the five years succeeding December 31, 2019 are as follows (in millions):

	Maturities of Long-Term Debt
2020	$ 4,253
2021	3,767
2022	3,788
2023	4,097
2024	1,974

NOTE 13: COMMITMENTS AND CONTINGENCIES

Guarantees

As of December 31, 2019, we were contingently liable for guarantees of indebtedness owed by third parties of $621 million, of which $249 million was related to VIEs. Refer to Note 1 for additional information related to the

Company's maximum exposure to loss due to our involvement with VIEs. Our guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees; however, we do not consider it probable that we will be required to satisfy these guarantees.

We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Legal Contingencies

The Company is involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Indemnifications

At the time we acquire or divest an interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. 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 Company taken as a whole. Refer to Note 2.

Tax Audits

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Refer to Note 16.

On September 17, 2015, the Company received a Statutory Notice of Deficiency (the "Notice") from the Internal Revenue Service ("IRS") for the tax years 2007 through 2009 after a five-year audit. In the Notice, the IRS claimed that the Company's U.S. taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing, and promotion of products in certain foreign markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement (the "Closing Agreement") that applied back to 1987. The Closing Agreement provided prospective penalty protection conditioned on the Company's continued adherence to the prescribed methodology absent a change in material facts or circumstances or relevant federal tax law. Although the IRS subsequently asserted, without explanation, that material facts and circumstances and relevant federal tax law had changed, it has not asserted penalties. The Company's compliance with the Closing Agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the Closing Agreement. The IRS designated the matter for litigation on October 15, 2015. Due to the fact that the matter remains designated, the Company is prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The U.S. Tax Court trial was held from March 8, 2018 through May 11, 2018. The Company and the IRS filed and exchanged final post-trial briefs in April 2019. It is not known how much time will elapse thereafter prior to the issuance of the court's opinion. In the interim, or subsequent to the court's opinion, the IRS may propose similar adjustments for years subsequent to the 2007-2009 litigation period. While the Company continues to strongly disagree with the IRS' position, there is no assurance that the court will rule in the Company's favor, and it is possible that all or some portion of the adjustment proposed by the Notice ultimately could be sustained. In that event, the Company may be subject to significant additional liabilities for the years at issue and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations and cash flows.

The Company regularly assesses the likelihood of adverse outcomes resulting from tax disputes such as this and other examinations for all open years to determine the adequacy of its tax reserves. Any such adjustments related to years prior to 2018, either in the litigation period or later, may have an impact on the transition tax payable as part of the Tax Reform Act.

Risk Management Programs

The Company has numerous global insurance programs in place to help protect the Company from the risk of loss. In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claim history. Our self-insurance reserves totaled $301 million and $362 million as of December 31, 2019 and 2018, respectively.

NOTE 14: STOCK-BASED COMPENSATION PLANS

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. Total stock-based compensation expense was $201 million, $225 million and $219 million in 2019, 2018 and 2017, respectively, and was included as a component of selling, general and administrative expenses in our consolidated statements of income. The total income tax benefit recognized in our consolidated statements of income related to awards under these plans was $43 million, $47 million and $44 million in 2019, 2018 and 2017, respectively. From 2015 to 2017, certain employees who had previously been eligible for long-term equity awards received long-term performance cash awards. Employees who received these performance cash awards did not receive equity awards as part of the long-term incentive program. In 2017, the Company changed the long-term incentive program for certain employees previously eligible for the performance cash award. These employees no longer participate in the long-term incentive program and were issued a final restricted stock unit award that vests ratably over five years.

As of December 31, 2019, we had $258 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans. This cost is expected to be recognized over a weighted-average period of 2.0 years as stock-based compensation expense, and it does not include the impact of any future stock-based compensation awards.

The Coca-Cola Company 2014 Equity Plan ("2014 Equity Plan") was approved by shareowners in April 2014. Under the 2014 Equity Plan, a maximum of 500 million shares of our common stock was approved to be issued, through the grant of equity awards, to certain employees. The 2014 Equity Plan allows for grants of stock options, performance share units, restricted stock units, restricted stock and other specified award types, including cash awards with performance-based vesting criteria. As of December 31, 2019, there were 367.8 million shares available to be granted under the 2014 Equity Plan. In addition, there were 2.9 million shares from plans approved by shareowners prior to 2014 available for grants of stock option and restricted stock awards.

Stock Option Awards

Stock options have generally been granted with an exercise price equal to the average of the high and low market prices per share for the Company's stock on the date of grant. The fair value of each stock option award is estimated using a Black-Scholes-Merton option-pricing model and is amortized over the vesting period, which is generally four years. The weighted-average fair value of stock options granted during the years ended December 31, 2019, 2018 and 2017 and the weighted-average assumptions used in the Black-Scholes-Merton option-pricing model for such grants were as follows:

Year Ended December 31,	**2019**	2018	2017
Fair value of stock options on grant date	**$ 4.94**	$ 4.97	$ 3.98
Dividend yield[1]	**3.5 %**	3.5 %	3.6 %
Expected volatility[2]	**15.5 %**	15.5 %	15.5 %
Risk-free interest rate[3]	**2.6 %**	2.8 %	2.2 %
Expected term of stock options[4]	**6 years**	6 years	6 years

[1] The dividend yield is the calculated yield on the Company's stock on the grant date.

[2] The expected volatility is based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors.

[3] The risk-free interest rate for the period matching the expected term of the stock options is based on the U.S. Treasury yield curve in effect on the grant date.

[4] The expected term of the stock options represents the period of time that options granted are expected to be outstanding and is derived by analyzing historical exercise behavior.

Generally, stock options granted from 1999 through July 2003 expired 15 years from the date of grant, and stock options granted in December 2003 and thereafter expire 10 years from the date of grant. The shares of common stock to be issued and/or sold upon exercise of stock options are made available from either authorized and unissued common stock or from treasury shares. In 2007, the Company began issuing common stock under its stock-based compensation plans from treasury shares.

Stock option activity for all plans for the year ended December 31, 2019 was as follows:

	Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (In millions)
Outstanding on January 1, 2019	133	$ 36.74		
Granted	8	45.46		
Exercised	(34)	33.29		
Forfeited/expired	(2)	42.88		
Outstanding on December 31, 2019	105	$ 38.43	4.41 years	$ 1,785
Expected to vest	104	$ 38.37	4.37 years	$ 1,773
Exercisable on December 31, 2019	89	$ 37.33	3.69 years	$ 1,599

The total intrinsic value of the stock options exercised was $609 million, $721 million and $744 million in 2019, 2018 and 2017, respectively. The total number of stock options exercised was 34 million, 47 million and 53 million in 2019, 2018 and 2017, respectively.

Performance-Based Share Unit Awards

Performance-based share unit awards require achievement of certain performance criteria, which are predefined by the Compensation Committee of the Board of Directors at the time of grant. For performance share units granted from 2015 through 2017, the performance criteria used were economic profit and net operating revenues over a predefined performance period of three years. Economic profit is our net operating profit after tax less the cost of the capital used in our business. Economic profit and net operating revenues are adjusted for certain items, which are

approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. These grants include a relative TSR modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of these

performance share units was determined using a Monte Carlo valuation model. The performance share units granted from 2015 through 2017 are subject to a one-year holding period after the performance period before the shares are vested and released.

In 2018, the Company renamed our performance share unit awards to growth share unit awards. For growth share units granted in 2018 and 2019, performance criteria were equally weighted among net operating revenues, earnings per share and free cash flow over a predefined performance period of three years. Earnings per share for these purposes is diluted net income per share and free cash flow is net cash provided by operating activities less purchases of property, plant and equipment. Net operating revenues, earnings per share and free cash flow are adjusted for certain items, which are approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. Growth share units granted to executives include a relative TSR modifier to determine the number of shares earned at the end of the performance period. The fair value of growth share unit grants that include a TSR modifier is determined using a Monte Carlo valuation model. The fair value of growth share units that do not include the TSR modifier is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the performance period. Growth share units granted in 2018 and 2019 will be vested and released at the end of the performance period if the predefined performance criteria are achieved.

For all performance-based share unit awards, in the event the certified results equal the predefined performance criteria, the Company will grant the number of shares equal to the target award. In the event the certified results exceed the predefined performance criteria, additional shares up to the maximum award will be granted. In the event the certified results fall below the predefined performance criteria but above the minimum threshold, a reduced number of shares will be granted. If the certified results fall below the minimum threshold, no shares will be granted. Performance-based share unit awards do not entitle participants to vote or receive dividends until the shares are vested and released.

In the period it becomes probable that the minimum threshold specified in the award will be achieved, we recognize expense for the proportionate share of the total fair value of the performance-based share units related to the vesting period that has already lapsed for the shares expected to vest and be released. The remaining fair value of the shares expected to vest and be released is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum threshold specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made.

Performance share units and growth share units are generally settled in stock, except for certain circumstances such as death or disability, in which case employees or their beneficiaries are provided a cash equivalent payment. As of December 31, 2019, performance share units of approximately 2,662,000 were outstanding for the 2017-2019 performance period and growth share units of approximately 1,949,000 and 2,220,000 were outstanding for the 2018-2020 and 2019-2021 performance periods, respectively, based on the target award amounts.

The following table summarizes information about performance share units and growth share units based on the target award amounts:

	Performance Share Units and Growth Share Units (In thousands)		Weighted-Average Grant Date Fair Value
Outstanding on January 1, 2019	7,698	$	38.45
Granted	2,348		40.29
Conversions into restricted stock units[1]	(2,756)		39.70
Paid in cash equivalent	(1)		40.62
Canceled/forfeited	(458)		38.53
Outstanding on December 31, 2019[2]	6,831	$	38.57

[1] Represents the target amount of performance share units converted into restricted stock units for the 2016-2018 performance period. The vesting of restricted stock units is subject to the terms of the performance share unit agreements.

[2] The outstanding performance share units and growth share units as of December 31, 2019 at the threshold award and maximum award levels were 2.6 million and 14.2 million, respectively.

The weighted-average grant date fair value of growth share units granted in 2019 and 2018 was $40.29 and $41.02, respectively. The weighted-average grant date fair value of performance share units granted in 2017 was $34.75. The Company converted performance share units of 1,418 in 2019 and 11,052 in 2017 into cash equivalent payments of $0.1 million and $0.4 million, respectively, to former employees or their beneficiaries due to certain events such as death or disability. The Company did not convert any performance share units into cash equivalent payments in 2018.

The following table summarizes information about nonvested performance-based restricted stock units based on the performance share units' certified award level:

	Restricted Stock Units (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2019	2,591	$ 36.24
Conversions from performance share units	3,355	39.70
Vested and released	(2,575)	36.12
Canceled/forfeited	(176)	39.37
Nonvested on December 31, 2019	3,195	$ 39.70

The total intrinsic value of restricted shares that were vested and released in 2019 was $118 million.

Time-Based Restricted Stock and Restricted Stock Unit Awards

Prior to the release date, time-based restricted stock and restricted stock units granted from the 2014 Equity Plan do not entitle participants to vote or receive dividends and will be forfeited in the event of the recipient's termination of employment, except for reasons such as death or disability. Certain other time-based restricted stock awards entitle participants to vote and receive dividends. The fair value of the restricted stock and restricted stock units expected to vest and be released is expensed on a straight-line basis over the vesting period. As of December 31, 2019, the Company had outstanding nonvested time-based restricted stock, including restricted stock units, of approximately 4,054,000, most of which do not pay dividends or have voting rights.

The following table summarizes information about nonvested time-based restricted stock and restricted stock units:

	Restricted Stock and Restricted Stock Units (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2019	3,422	$ 40.31
Granted	1,615	42.31
Vested and released	(528)	42.35
Forfeited/expired	(455)	41.41
Nonvested on December 31, 2019	4,054	$ 40.73

NOTE 15: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

We refer to the funded defined benefit pension plan in the United States that is not associated with collective bargaining agreements as the "primary U.S. plan." As of December 31, 2019, the primary U.S. plan represented 61 percent of both the Company's consolidated projected benefit obligation and pension assets.

Obligations and Funded Status

The following table sets forth the changes in benefit obligations and the fair value of plan assets for our benefit plans (in millions):

	Pension Benefits		Other Benefits	
Year Ended December 31,	**2019**	2018	**2019**	2018
Benefit obligation at beginning of year[1]	**$ 8,015**	$ 9,469	**$ 719**	$ 795
Service cost	**104**	124	**9**	11
Interest cost	**291**	296	**28**	25
Participant contributions[2]	**1**	1	**20**	9
Foreign currency exchange rate changes	**(28)**	(112)	**(2)**	(7)
Amendments	**(1)**	1	**—**	(8)
Net actuarial loss (gain)	**931**	(470)	**71**	(35)
Benefits paid[3]	**(537)**	(358)	**(86)**	(70)
Business combinations[4]	**—**	60	**—**	1
Divestitures	**—**	(11)	**—**	—
Settlements[5]	**(19)**	(932)	**—**	—
Curtailments[5]	**(2)**	(63)	**(2)**	—
Special termination benefits[5]	**1**	7	**—**	—
Other	**1**	3	**—**	(2)
Benefit obligation at end of year[1]	**$ 8,757**	$ 8,015	**$ 757**	$ 719
Fair value of plan assets at beginning of year	**$ 7,429**	$ 8,866	**$ 289**	$ 288
Actual return on plan assets	**1,111**	(269)	**38**	(5)
Employer contributions	**36**	107	**—**	—
Participant contributions[2]	**1**	1	**15**	9
Foreign currency exchange rate changes	**(26)**	(131)	**—**	—
Benefits paid	**(453)**	(287)	**(3)**	(3)
Business combinations[4]	**—**	30	**—**	—
Divestitures	**—**	(1)	**—**	—
Settlements[5]	**(18)**	(892)	**—**	—
Other	**—**	5	**—**	—
Fair value of plan assets at end of year	**$ 8,080**	$ 7,429	**$ 339**	$ 289
Net liability recognized	**$ (677)**	$ (586)	**$ (418)**	$ (430)

[1] For pension benefit plans, the benefit obligation is the projected benefit obligation. For other benefit plans, the benefit obligation is the accumulated postretirement benefit obligation. The accumulated benefit obligation for our pension plans was $8,607 million and $7,867 million as of December 31, 2019 and 2018, respectively.

[2] In prior year disclosures, participant contributions were included in the Other line item.

[3] Benefits paid to pension plan participants during 2019 and 2018 included $84 million and $71 million, respectively, in payments related to unfunded pension plans that were paid from Company assets. Benefits paid to participants of other benefit plans during 2019 and 2018 included $83 million and $67 million, respectively, that were paid from Company assets.

[4] Business combinations were primarily related to the acquisition of a controlling interest in the Philippine bottling operations in 2018. Refer to Note 2.

[5] Settlements, curtailments and special termination benefits were primarily related to our productivity and reinvestment program and the refranchising of certain of our North America bottling operations. Refer to Note 2 and Note 20.

Pension and other benefit amounts recognized in our consolidated balance sheets are as follows (in millions):

	Pension Benefits		Other Benefits	
December 31,	**2019**	2018	**2019**	2018
Other assets	**$ 998**	$ 813	**$ —**	$ —

Accounts payable and accrued expenses	**(72)**	(70)	**(21)**	(21)
Other liabilities	**(1,603)**	(1,329)	**(397)**	(409)
Net liability recognized	**$ (677)**	$ (586)	**$ (418)**	$ (430)

Certain of our pension plans have projected benefit obligations in excess of the fair value of plan assets. For these plans, the projected benefit obligations and the fair value of plan assets were as follows (in millions):

December 31,	2019	2018
Projected benefit obligations	**$ 7,194**	$ 6,562
Fair value of plan assets	**5,515**	5,163

Certain of our pension plans have accumulated benefit obligations in excess of the fair value of plan assets. For these plans, the accumulated benefit obligations and the fair value of plan assets were as follows (in millions):

December 31,	2019	2018
Accumulated benefit obligations	**$ 7,052**	$ 6,451
Fair value of plan assets	**5,485**	5,157

Pension Plan Assets

The following table presents total assets for our U.S. and non-U.S. pension plans (in millions):

	U.S. Plans		Non-U.S. Plans	
December 31,	2019	2018	2019	2018
Cash and cash equivalents	**$ 364**	$ 310	**$ 377**	$ 173
Equity securities:				
U.S.-based companies	**1,231**	1,116	**673**	644
International-based companies	**770**	659	**617**	462
Fixed-income securities:				
Government bonds	**263**	192	**273**	271
Corporate bonds and debt securities	**899**	745	**65**	90
Mutual, pooled and commingled funds[1]	**279**	238	**619**	637
Hedge funds/limited partnerships	**652**	785	**37**	43
Real estate	**337**	385	**5**	6
Other	**354**	412	**265**	261
Total pension plan assets[2]	**$ 5,149**	$ 4,842	**$ 2,931**	$ 2,587

[1] Mutual, pooled and commingled funds include investments in equity securities, fixed-income securities and combinations of both. There are a significant number of mutual, pooled and commingled funds from which investors can choose. The selection of the type of fund is dictated by the specific investment objectives and needs of a given plan. These objectives and needs vary greatly between plans.

[2] Fair value disclosures related to our pension plan assets are included in Note 18. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall; a reconciliation of the beginning and ending balances of Level 3 assets; and information about the valuation techniques and inputs used to measure the fair value of our pension plan assets.

Investment Strategy for U.S. Pension Plans

The Company utilizes the services of investment managers to actively manage the assets of our U.S. pension plans. We have established asset allocation targets and investment guidelines with each investment manager. Our asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the plans. Selection of the targeted asset allocation for U.S. plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. Our target allocation is a mix of 42 percent equity investments, 30 percent fixed-income investments and 28 percent alternative investments. We believe this target allocation will enable us to achieve the following long-term investment objectives:

(1) optimize the long-term return on plan assets at an acceptable level of risk;

(2) maintain a broad diversification across asset classes and among investment managers; and

(3) maintain careful control of the risk level within each asset class.

The guidelines that have been established with each investment manager provide parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements and credit quality standards, where applicable. Unless exceptions have been approved, investment managers are prohibited from buying or selling commodities, futures or option contracts, as well as from short selling of securities. Additionally, investment managers agree to obtain written approval for deviations from stated investment style or guidelines. As of December 31, 2019, no investment manager was responsible for more than 11 percent of total U.S. pension plan assets.

Our target allocation of 42 percent equity investments is composed of 60 percent global equities, 16 percent emerging market equities and 24 percent domestic small- and mid-cap equities. Optimal returns through our investments in global equities are achieved through security selection as well as country and sector diversification. Investments in our common stock accounted for approximately 5 percent of our total global equities and approximately 3 percent of total U.S. plan assets. Our investments in global equities are intended to provide diversified exposure to both U.S. and non-U.S. equity markets. Our investments in both emerging market equities and domestic small- and mid-cap equities may experience large swings in their market value. Our investments in these asset classes are selected based on capital appreciation potential.

Our target allocation of 30 percent fixed-income investments is composed of 33 percent long-duration bonds and 67 percent with multi-strategy alternative credit managers. Long-duration bonds are intended to provide a stable rate of return through investments in high-quality publicly traded debt securities. Our investments in long-duration bonds are diversified in order to mitigate duration and credit exposure. Multi-strategy alternative credit managers invest in a combination of high-yield bonds, bank loans, structured credit and emerging market debt. These investments are in lower-rated and non-rated debt securities, which generally produce higher returns compared to long-duration bonds and also help to diversify our overall fixed-income portfolio.

Our target allocation for alternative investments is 28 percent. These alternative investments include hedge funds, reinsurance, private equity limited partnerships, leveraged buyout funds, international venture capital partnerships and real estate. The objective of investing in alternative investments is to provide a higher rate of return than that which is typically available from publicly traded equity securities. Alternative investments are inherently illiquid and require a long-term perspective in evaluating investment performance.

Investment Strategy for Non-U.S. Pension Plans

As of December 31, 2019, the long-term target allocation for 68 percent of our international subsidiaries' pension plan assets, primarily certain of our European and Canadian plans, is 64 percent equity securities, 4 percent fixed-income securities and 32 percent other investments. The actual allocation for the remaining 32 percent of the Company's international subsidiaries' plan assets consisted of 57 percent mutual, pooled and commingled funds; 7 percent fixed-income securities; 1 percent equity securities and 35 percent other investments. The investment strategies for our international subsidiaries' plans differ greatly, and in some instances are influenced by local law. None of our pension plans outside the United States is individually significant for separate disclosure.

Other Postretirement Benefit Plan Assets

Plan assets associated with other postretirement benefits primarily represent funding of one of the U.S. postretirement benefit plans through a Voluntary Employee Beneficiary Association ("VEBA"), a tax-qualified trust. The VEBA assets are primarily invested in liquid assets due to the level and timing of expected future benefit payments.

The following table presents total assets for our other postretirement benefit plans (in millions):

December 31,	2019	2018
Cash and cash equivalents	**$ 57**	$ 73
Equity securities:		
U.S.-based companies	**124**	93
International-based companies	**9**	7
Fixed-income securities:		
Government bonds	**3**	2
Corporate bonds and debt securities	**47**	16
Mutual, pooled and commingled funds	**84**	82
Hedge funds/limited partnerships	**7**	8
Real estate	**4**	4
Other	**4**	4
Total other postretirement benefit plan assets[1]	**$ 339**	$ 289

[1] Fair value disclosures related to our other postretirement benefit plan assets are included in Note 18. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall and information about the valuation techniques and inputs used to measure the fair value of our other postretirement benefit plan assets.

Components of Net Periodic Benefit Cost (Income)

Net periodic benefit cost (income) for our pension and other postretirement benefit plans consisted of the following (in millions):

	Pension Benefits			Other Benefits		
Year Ended December 31,	2019	2018	2017	2019	2018	2017
Service cost	**$ 104**	$ 124	$ 197	**$ 9**	$ 11	$ 17
Interest cost	**291**	296	306	**28**	25	29
Expected return on plan assets[1]	**(552)**	(650)	(650)	**(13)**	(13)	(12)
Amortization of prior service credit	**(4)**	(3)	—	**(2)**	(14)	(18)
Amortization of net actuarial loss[2]	**151**	128	175	**2**	3	8
Net periodic benefit cost (income)	**(10)**	(105)	28	**24**	12	24
Settlement charges[3]	**6**	240	228	**—**	—	—
Curtailment charges (credits)[3]	**—**	5	4	**(2)**	(4)	(79)
Special termination benefits[3]	**1**	7	106	**—**	—	—
Other	**1**	—	1	**—**	(1)	—
Total cost (income) recognized in consolidated statements of income	**$ (2)**	$ 147	$ 367	**$ 22**	$ 7	$ (55)

[1] The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

[2] Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the plan participants.

[3] Settlements, curtailments and special termination benefits were primarily related to our productivity and reinvestment program and the refranchising of certain of our North America bottling operations. Refer to Note 2 and Note 20.

All of the amounts in the tables above, other than service cost, were recorded in the line item other income (loss) — net in our consolidated statements of income.

Impact on Accumulated Other Comprehensive Income

The following table sets forth the changes in AOCI for our benefit plans (in millions, pretax):

	Pension Benefits		Other Benefits	
Year Ended December 31,	**2019**	2018	**2019**	2018
Balance in AOCI at beginning of year	**$ (2,482)**	$ (2,493)	**$ (15)**	$ (26)
Recognized prior service cost (credit)	**(4)**	1 [3]	**(4)** [5]	(18) [6]
Recognized net actuarial loss	**157** [1]	369 [4]	**2**	3
Prior service credit (cost) occurring during the year	**1**	(1)	**—**	8
Net actuarial (loss) gain occurring during the year	**(370)** [2]	(386) [3]	**(44)** [5]	17
Impact of divestitures	**—**	4	**—**	—
Foreign currency translation gain	**20**	24	**2**	1
Balance in AOCI at end of year	**$ (2,678)**	$ (2,482)	**$ (59)**	$ (15)

[1] Includes $6 million of recognized net actuarial loss due to the impact of settlements.

[2] Includes $2 million of net actuarial gain occurring during the year due to the impact of curtailments.

[3] Includes $4 million of recognized prior service cost and $63 million of net actuarial gain occurring during the year due to the impact of curtailments.

[4] Includes $240 million of recognized net actuarial loss due to the impact of settlements.

[5] Includes $2 million of recognized prior service credit and $2 million of net actuarial gain occurring during the year due to the impact of curtailments.

[6] Includes $4 million of recognized prior service credit due to the impact of curtailments.

The following table sets forth amounts in AOCI for our benefit plans (in millions, pretax):

	Pension Benefits		Other Benefits	
December 31,	**2019**	2018	**2019**	2018
Prior service credit (cost)	**$ (12)**	$ (12)	**$ 23**	$ 28
Net actuarial loss	**(2,666)**	(2,470)	**(82)**	(43)
Balance in AOCI at end of year	**$ (2,678)**	$ (2,482)	**$ (59)**	$ (15)

Amounts in AOCI expected to be recognized as components of net periodic benefit cost in 2020 are as follows (in millions, pretax):

	Pension Benefits	Other Benefits
Amortization of prior service credit	$ —	$ (2)
Amortization of net actuarial loss	171	5
Total	$ 171	$ 3

Assumptions

Certain weighted-average assumptions used in computing the benefit obligations are as follows:

	Pension Benefits		Other Benefits	
December 31,	**2019**	2018	**2019**	2018
Discount rate	**3.25 %**	4.00 %	**3.50 %**	4.25 %
Rate of increase in compensation levels	**3.75 %**	3.75 %	**N/A**	N/A

Certain weighted-average assumptions used in computing net periodic benefit cost (income) are as follows:

	Pension Benefits			Other Benefits		
Year Ended December 31,	**2019**	2018	2017	**2019**	2018	2017
Discount rate	**4.00 %**	3.50 %	4.00 %	**4.25 %**	3.50 %	4.00 %
Rate of increase in compensation levels	**3.75 %**	3.50 %	3.75 %	**N/A**	N/A	N/A
Expected long-term rate of return on plan assets	**7.75 %**	8.00 %	8.00 %	**4.50 %**	4.50 %	4.75 %

The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. Rates for U.S. and certain non-U.S. plans at December 31, 2019 were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. For other non-U.S. plans, we base the discount rate on comparable indices within each of the countries. The Company measures the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows. The rate of compensation increase assumption is determined by the Company based upon annual reviews.

The expected long-term rate of return assumption for U.S. pension plan assets is based upon the target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. We evaluate the rate of return assumption on an annual basis. The expected long-term rate of return assumption used in computing 2019 net periodic pension cost for the U.S. plans was 7.75 percent. As of December 31, 2019, the 5-year, 10-year and 15-year annualized return on plan assets for the primary U.S. plan was 7.4 percent, 8.9 percent and 6.7 percent, respectively. The annualized return since inception was 10.5 percent.

The weighted-average assumptions for health care cost trend rates are as follows:

December 31,	**2019**	2018
Health care cost trend rate assumed for next year	6.75 %	7.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.25 %	5.00 %
Year that the rate reaches the ultimate trend rate	2025	2023

We review external data and our own historical trends for health care costs to determine the health care cost trend rate assumptions. The Company's U.S. postretirement benefit plans are primarily defined dollar benefit plans that limit the effects of medical inflation because the plans have established dollar limits for determining our contributions. As a result, the effect of a 1 percentage point change in the assumed health care cost trend rate would not be significant to the Company.

Cash Flows

Our estimated future benefit payments for funded and unfunded plans are as follows (in millions):

Year Ended December 31,	2020	2021	2022	2023	2024	2025–2029
Pension benefit payments	$ 462	$ 468	$ 476	$ 485	$ 498	$ 2,543
Other benefit payments[1]	60	58	56	54	52	240
Total estimated benefit payments	$ 522	$ 526	$ 532	$ 539	$ 550	$ 2,783

[1] The expected benefit payments for our other postretirement benefit plans are net of estimated federal subsidies expected to be received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Federal subsidies are estimated to be $3 million for the period 2020–2024 and $2 million for the period 2025–2029.

The Company anticipates making pension contributions in 2020 of $28 million, all of which will be allocated to our international plans. The majority of these contributions are required by funding regulations or law.

Defined Contribution Plans

Our Company sponsors qualified defined contribution plans covering substantially all U.S. employees. Under the largest U.S. defined contribution plan, we match participants' contributions up to a maximum of 3.5 percent of compensation, subject to certain limits. Company costs related to the U.S. plans were $43 million, $39 million and $61 million in 2019, 2018 and 2017, respectively. We also sponsor defined contribution plans in certain locations outside the United States. Company costs associated with those plans were $64 million, $59 million and $42 million in 2019, 2018 and 2017, respectively.

Multi-Employer Pension Plans

The Company participates in various multi-employer pension plans. Multi-employer pension plans are designed to cover employees from multiple employers and are typically established under collective bargaining agreements. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the daily administration of the plan. Multi-employer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions.

The Company's expense for multi-employer pension plans totaled $5 million, $6 million and $35 million in 2019, 2018 and 2017, respectively. The decrease in 2018 was primarily driven by the refranchising of certain bottling territories in the United States during 2017. The plans we currently participate in have contractual arrangements that extend into 2021. If, in the future, we choose to withdraw from any of the multi-employer pension plans in which we currently participate, we would need to record the appropriate withdrawal liabilities at that time. Refer to Note 2 for additional information on North America refranchising.

NOTE 16: INCOME TAXES

Income before income taxes consisted of the following (in millions):

Year Ended December 31,	**2019**	2018	2017
United States	**$ 3,249**	$ 888	$ (690) [1]
International	**7,537**	7,337	7,580
Total	**$ 10,786**	$ 8,225	$ 6,890

[1] Includes net charges of $2,140 million related to refranchising certain bottling territories in North America in 2017. Refer to Note 2.

Income taxes consisted of the following (in millions):

	United States	State and Local	International	Total
2019				
Current	**$ 508**	**$ 94**	**$ 1,479**	**$ 2,081**
Deferred	**(65)**	**52**	**(267)**	**(280)**
2018				
Current	$ 591 [1]	$ 145	$ 1,426	$ 2,162
Deferred	(386) [1]	(81) [1]	54 [1]	(413)
2017				
Current	$ 5,438 [2]	$ 121	$ 1,300	$ 6,859
Deferred	(1,783) [2,3]	14	517 [2]	(1,252)

[1] Includes the tax impact that resulted from changes to our original provisional estimates of the impact of the Tax Reform Act as permitted by Staff Accounting Bulletin No. 118 ("SAB 118").

[2] Includes our reasonable estimate of the effects on our existing deferred tax balances and the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017. The provisional amount as of December 31, 2017 related to the one-time transition tax on the mandatory deemed repatriation of prescribed foreign earnings was $4.6 billion of tax expense based on cumulative prescribed foreign earnings estimated at that time to be $42 billion. The provisional amount that was primarily related to the remeasurement of certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future was a net deferred tax benefit of $1.0 billion.

[3] Includes the net tax benefit from net charges related to refranchising certain bottling territories in North America. Refer to Note 2.

We made income tax payments of $2,126 million, $2,120 million and $1,950 million in 2019, 2018 and 2017, respectively.

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the U.S. statutory rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2023 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $335 million, $318 million and $221 million for the years ended December 31, 2019, 2018 and 2017, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2019**	2018	2017
Statutory U.S. federal tax rate	**21.0 %**	21.0 %	35.0 %
State and local income taxes — net of federal benefit	**0.9**	1.5	1.1
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**1.1** [1,2,3]	3.1 [5,6]	(9.5)
Equity income or loss	**(1.6)**	(2.5)	(3.3)
Tax Reform Act	**—**	0.1 [7]	52.4 [8]
Excess tax benefits on stock-based compensation	**(0.9)**	(1.3)	(1.9)
Other — net	**(3.8)** [4]	(0.6)	7.6 [9,10]
Effective tax rate	**16.7 %**	21.3 %	81.4 %

[1] Includes net tax charges of $199 million (or a 1.9 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions, as well as other agreed-upon tax matters.

[2] Includes the impact of pretax charges of $710 million (or a 1.2 percent impact on our effective tax rate) related to the impairment of certain of our equity method investees.

[3] Includes a tax benefit of $199 million (or a 1.5 percent impact on our effective tax rate) recorded as a result of CCBA no longer qualifying as a discontinued operation. Refer to Note 2.

[4] Includes a net tax benefit of $184 million (or a 1.7 percent impact on our effective tax rate) related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, a tax benefit of $145 million (or a 1.4 percent impact on our effective tax rate) related to changes in our assessment of certain valuation allowances and a net tax benefit of $89 million (or a 0.8 percent impact on our effective tax rate) related to domestic return to provision adjustments as well as other agreed-upon tax matters.

[5] Includes the impact of pretax charges of $591 million (or a 1.5 percent impact on our effective tax rate) related to other-than-temporary impairments of certain of our equity method investees and the impact of a pretax charge of $554 million (or a 1.9 percent impact on our effective tax rate) related to an impairment of assets held by CCBA. Refer to Note 18.

[6] Includes net tax expense of $28 million on net pretax charges of $403 million (or a 1.4 percent impact on our effective tax rate) primarily related to the refranchising of certain foreign bottling operations. Refer to Note 2.

[7] Includes net tax expense of $8 million (or a 0.1 percent impact on our effective tax rate) related to the finalization of our accounting related to the Tax Reform Act.

[8] Includes net tax expense of $3,610 million primarily related to our reasonable estimate of the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017, partially offset by the impact of the lower rate introduced by the Tax Reform Act on our existing deferred tax balances.

[9] Includes net tax expense of $1,048 million on a pretax gain of $1,037 million (or a 9.9 percent impact on our effective tax rate) related to the Southwest Transaction, in conjunction with which we obtained an equity interest in AC Bebidas. The Company accounts for its interest in AC Bebidas as an equity method investment, and the net tax expense was primarily the result of the deferred tax recorded on the basis difference in this investment. Refer to Note 2.

[10] Includes a $156 million net tax benefit related to the impact of manufacturing incentives and permanent book-to-tax adjustments.

The one-time transition tax is based on our total accumulated post-1986 prescribed foreign earnings and profits of approximately $41 billion. Most of this amount comprises unremitted foreign earnings, upon which no U.S. federal or state income tax had been accrued, because they were considered to have been indefinitely reinvested. At December 31, 2017, following enactment of the Tax Reform Act, we recorded a provisional $4.6 billion tax reflecting our best estimate of the one-time deemed repatriation tax liability as of December 31, 2017, and a $0.6 billion provisional deferred tax liability related to foreign withholding taxes and state income taxes on earnings no longer considered to be indefinitely reinvested.

During 2018, we recorded a net tax expense from the impact of the Tax Reform Act. As permitted by SAB 118, we had recorded provisional adjustments to our reasonable estimate of the impact of the Tax Reform Act during the 2018 measurement period pursuant to our analysis of contemporaneous guidance, interpretations and data, and we have finalized that analysis based on such information available as of December 31, 2018. As such, we recorded an additional $0.3 billion in tax for our one-time transition tax and a tax benefit of $0.3 billion, primarily related to a reduction in deferred taxes on related withholding taxes and state income taxes in 2018. We also remeasured and adjusted certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21.0 percent. This adjustment was not significant. We have not recorded incremental

income taxes for any additional outside basis differences of approximately $13.4 billion in our investments in foreign subsidiaries, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any additional outside basis differences in these entities is not practicable.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return each foreign subsidiary's earnings in excess of an allowable return on the foreign subsidiary's tangible assets. An accounting policy election is available to either account for the tax effects of GILTI in the period that is subject to such taxes or to provide deferred taxes for book and tax basis differences that upon reversal may be subject to such taxes. We have elected to account for the tax effects of these provisions in the period that is subject to such tax and the impact is reflected in our full year provision.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. U.S. tax authorities have completed their federal income tax examinations for all years prior to 2007. With respect to state and local jurisdictions and countries outside the United States, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years before 2006. For U.S. federal and state tax purposes, the net operating losses and tax credit carryovers acquired in connection with our acquisition of Old CCE that were generated between the years of 1990 through 2010 are subject to adjustments until the year in which they are actually utilized is no longer subject to examination. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for any adjustments that are expected to result from those years.

On September 17, 2015, the Company received a Notice from the IRS for the tax years 2007 through 2009, after a five-year audit. Refer to Note 13.

As of December 31, 2019, the gross amount of unrecognized tax benefits was $392 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $173 million, exclusive of any benefits related to interest and penalties. The remaining $219 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	**2019**	2018	2017
Balance of unrecognized tax benefits at the beginning of year	**$ 336**	$ 331	$ 302
Increase related to prior period tax positions	**204** [1]	11	18
Decrease related to prior period tax positions	**—**	(2)	(13)
Increase related to current period tax positions	**29**	17	13
Decrease related to settlements with taxing authorities	**(174)** [2]	(4)	—
Increase (decrease) due to effect of foreign currency exchange rate changes	**(3)**	(17)	11
Balance of unrecognized tax benefits at the end of year	**$ 392**	$ 336	$ 331

[1] The increase was primarily related to a change in judgment about the Company's tax positions with several foreign jurisdictions.

[2] The decrease was primarily related to a change in judgment about one of the Company's tax positions that became certain as a result of settlement of a matter in the United States.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $201 million, $190 million and $177 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2019, 2018 and 2017, respectively. Of these amounts, $11 million, $13 million and $35 million of expense were recognized through income tax expense in 2019, 2018 and 2017, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company's effective tax rate.

It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a significant impact on our consolidated statement of income or consolidated balance sheet. These changes may be the result of settlements of ongoing audits, statute of limitations expiring or final settlements in transfer pricing matters that are the subject of litigation. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consisted of the following (in millions):

December 31,		2019		2018
Deferred tax assets:				
Property, plant and equipment	$	53	$	64
Trademarks and other intangible assets		2,267		2,540
Equity method investments (including foreign currency translation adjustments)		372		315
Derivative financial instruments		389		322
Other liabilities		1,066		791
Benefit plans		880		881
Net operating/capital loss carryforwards		259		341
Other		311		230
Gross deferred tax assets		5,597		5,484
Valuation allowances		(303)		(419)
Total deferred tax assets	$	5,294	$	5,065
Deferred tax liabilities:				
Property, plant and equipment	$	(877)	$	(922)
Trademarks and other intangible assets		(1,533)		(1,179)
Equity method investments (including foreign currency translation adjustments)		(1,667)		(1,707)
Derivative financial instruments		(348)		(162)
Other liabilities		(351)		(67)
Benefit plans		(286)		(255)
Other		(104)		(453)
Total deferred tax liabilities	$	(5,166)	$	(4,745)
Net deferred tax assets	$	128	$	320

As of December 31, 2019 and 2018, we had net deferred tax assets of $1.3 billion and $1.6 billion, respectively, located in countries outside the United States.

As of December 31, 2019, we had $2,396 million of loss carryforwards available to reduce future taxable income. Loss carryforwards of $472 million must be utilized within the next five years, and the remainder can be utilized over a period greater than five years.

An analysis of our deferred tax asset valuation allowances is as follows (in millions):

Year Ended December 31,		2019		2018		2017
Balance at beginning of year	$	419	$	519	$	530
Additions		148		83		202
Deductions		(264)		(183)		(213)
Balance at end of year	$	303	$	419	$	519

The Company's deferred tax asset valuation allowances are primarily the result of uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards from operations in various jurisdictions. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet.

In 2019, the Company recognized a net decrease of $116 million in its valuation allowances. This decrease was primarily due to the reversal of a valuation allowance after considering significant positive evidence on the

utilization of certain net operating losses. This decrease was also due to the reversal of a valuation allowance in our U.S. operations related to expenses that were previously determined to be non-deductible and the changes in net operating losses in the normal course of business. The decreases were partially offset by an increase in the valuation allowance due to increases in the deferred tax assets and related valuation allowances on certain equity method investments and an increase due to the acquisition of foreign operations.

In 2018, the Company recognized a net decrease of $100 million in its valuation allowances. This decrease was primarily due to changes to deferred tax assets and related valuation allowances on certain equity investments. In addition, the changes in net operating losses in the normal course of business contributed to the net decrease in valuation allowance. The decreases were partially offset by an increase due to the acquisition of a controlling interest in one of our foreign bottling operations.

In 2017, the Company recognized a net decrease of $11 million in its valuation allowances. This decrease was primarily due to the reversal of a valuation allowance in a foreign jurisdiction related to expenses incurred in the normal course of business that were previously determined to be non-deductible. In addition, the decrease in value of certain deferred tax assets and related valuation allowance due to the reduction in the U.S. corporate tax rate and changes to deferred tax assets and related valuation allowances on certain equity method investments contributed to the net decrease in the valuation allowance. The decreases were partially offset by an increase in the valuation allowance due to increases in the deferred tax asset and related valuation allowances on certain equity method investments and recognizing a valuation allowance on deferred tax assets related to net operating losses at certain foreign bottling operations after considering recent negative evidence as to the realizability of those deferred tax assets.

NOTE 17: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented in our consolidated balance sheet as a component of The Coca-Cola Company's shareowners' equity, which also includes our proportionate share of equity method investees' AOCI. OCI attributable to noncontrolling interests is allocated to, and included in, our consolidated balance sheet as part of the line item equity attributable to noncontrolling interests.

AOCI attributable to shareowners of The Coca-Cola Company consisted of the following, net of tax (in millions):

December 31,	**2019**	2018
Foreign currency translation adjustments[1]	**$ (11,270)**	$ (11,045)
Accumulated derivative net gains (losses)[1,2]	**(209)**	(126)
Unrealized net gains (losses) on available-for-sale securities[1]	**75**	50
Adjustments to pension and other benefit liabilities[1]	**(2,140)**	(1,693)
Accumulated other comprehensive income (loss)	**$ (13,544)**	$ (12,814)

[1] The change in the balance from December 31, 2018 includes a portion of a $558 million reclassification to reinvested earnings from AOCI upon the adoption of ASU 2018-02. Refer to Note 1.

[2] The change in the balance from December 31, 2018 includes a $6 million reclassification to reinvested earnings from AOCI upon the adoption of ASU 2017-12. Refer to Note 6.

The following table summarizes the allocation of total comprehensive income between shareowners of The Coca-Cola Company and noncontrolling interests (in millions):

	Year Ended December 31, 2019		
	Shareowners of The Coca-Cola Company	Noncontrolling Interests	Total
Consolidated net income	$ 8,920	$ 65	$ 8,985
Other comprehensive income:			
Net foreign currency translation adjustments	29	45	74
Net gains (losses) on derivatives[1]	(54)	—	(54)
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	18	—	18
Net change in pension and other benefit liabilities[3]	(159)	—	(159)
Total comprehensive income	$ 8,754	$ 110	$ 8,864

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.
[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.
[3] Refer to Note 15 for additional information related to the Company's pension and other postretirement benefit liabilities.

OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees' OCI, for the years ended December 31, 2019, 2018 and 2017 is as follows (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
2019			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ 52	$ (54)	$ (2)
Reclassification adjustments recognized in net income	192	—	192
Gains (losses) on intra-entity transactions that are of a long-term investment nature	(307)	—	(307)
Gains (losses) on net investment hedges arising during the year[1]	195	(49)	146
Net foreign currency translation adjustments	$ 132	$ (103)	$ 29
Derivatives:			
Gains (losses) arising during the year	$ (225)	$ 49	$ (176)
Reclassification adjustments recognized in net income	163	(41)	122
Net gains (losses) on derivatives[1]	$ (62)	$ 8	$ (54)
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	$ 47	$ (4)	$ 43
Reclassification adjustments recognized in net income	(31)	6	(25)
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	$ 16	$ 2	$ 18
Pension and other benefit liabilities:			
Net pension and other benefit liabilities arising during the year	$ (379)	$ 105	$ (274)
Reclassification adjustments recognized in net income	151	(36)	115
Net change in pension and other benefit liabilities[3]	$ (228)	$ 69	$ (159)
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (142)	$ (24)	$ (166)

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.
[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.
[3] Refer to Note 15 for additional information related to the Company's pension and other postretirement benefit liabilities.

	Before-Tax Amount	Income Tax	After-Tax Amount
2018			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,728)	$ 59	$ (1,669)
Reclassification adjustments recognized in net income	398	—	398
Gains (losses) on intra-entity transactions that are of a long-term investment nature	(1,296)	—	(1,296)
Gains (losses) on net investment hedges arising during the year[1]	639	(160)	479
Net foreign currency translation adjustments	$ (1,987)	$ (101)	$ (2,088)
Derivatives:			
Gains (losses) arising during the year	$ 59	$ (16)	$ 43
Reclassification adjustments recognized in net income	(68)	18	(50)
Net gains (losses) on derivatives[1]	$ (9)	$ 2	$ (7)
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	$ (50)	$ 11	$ (39)
Reclassification adjustments recognized in net income	5	—	5
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	$ (45)	$ 11	$ (34)
Pension and other benefit liabilities:			
Net pension and other benefit liabilities arising during the year	$ (299)	$ 75	$ (224)
Reclassification adjustments recognized in net income	341	(88)	253
Net change in pension and other benefit liabilities[3]	$ 42	$ (13)	$ 29
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (1,999)	$ (101)	$ (2,100)

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

[3] Refer to Note 15 for additional information related to the Company's pension and other postretirement benefit liabilities.

	Before-Tax Amount	Income Tax	After-Tax Amount
2017			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,350)	$ (242)	$ (1,592)
Reclassification adjustments recognized in net income	23	(6)	17
Gains (losses) on intra-entity transactions that are of a long-term investment nature	3,332	—	3,332
Gains (losses) on net investment hedges arising during the year[1]	(1,512)	578	(934)
Net foreign currency translation adjustments	$ 493	$ 330	$ 823
Derivatives:			
Gains (losses) arising during the year	$ (184)	$ 65	$ (119)
Reclassification adjustments recognized in net income	(506)	192	(314)
Net gains (losses) on derivatives[1]	$ (690)	$ 257	$ (433)
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	$ 405	$ (136)	$ 269
Reclassification adjustments recognized in net income	(123)	42	(81)
Net change in unrealized gains (losses) on available-for-sale securities[2]	$ 282	$ (94)	$ 188
Pension and other benefit liabilities:			
Net pension and other benefit liabilities arising during the year	$ 120	$ (7)	$ 113
Reclassification adjustments recognized in net income	325	(116)	209
Net change in pension and other benefit liabilities[3]	$ 445	$ (123)	$ 322
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ 530	$ 370	$ 900

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale securities.

[3] Refer to Note 15 for additional information related to the Company's pension and other postretirement benefit liabilities.

The following table presents the amounts and line items in our consolidated statement of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2019 (in millions):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income
Foreign currency translation adjustments:		
Divestitures, deconsolidations and other[1]	Other income (loss) — net	$ 192
	Income before income taxes	192
	Income taxes	—
	Consolidated net income	$ 192
Derivatives:		
Foreign currency contracts	Net operating revenues	$ 3
Foreign currency and commodity contracts	Cost of goods sold	(11)
Foreign currency contracts	Other income (loss) — net	119
Divestitures, deconsolidations and other	Other income (loss) — net	1
Foreign currency and interest rate contracts	Interest expense	51
	Income before income taxes	163
	Income taxes	(41)
	Consolidated net income	$ 122
Available-for-sale securities:		
Sale of securities	Other income (loss) — net	$ (31)
	Income before income taxes	(31)
	Income taxes	6
	Consolidated net income	$ (25)
Pension and other benefit liabilities:		
Settlement charges[2]	Other income (loss) — net	$ 6
Curtailment charges[2]	Other income (loss) — net	(2)
Recognized net actuarial loss	Other income (loss) — net	153
Recognized prior service cost (credit)	Other income (loss) — net	(6)
	Income before income taxes	151
	Income taxes	(36)
	Consolidated net income	$ 115

[1] Primarily related to our previously held equity ownership interest in CHI and the sale of a portion of our equity ownership interest in Andina. Refer to Note 2.

[2] The settlement and curtailment charges were primarily related to our productivity and reinvestment program. Refer to Note 15 and Note 20.

NOTE 18: FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.

- Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices

for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are investments in equity securities with readily determinable fair values, debt securities classified as trading or available-for-sale and derivative financial instruments. Additionally, the Company adjusts the carrying value of certain long-term debt as a result of the Company's fair value hedging strategy.

Investments in Debt and Equity Securities

The fair values of our investments in debt and equity securities using quoted market prices from daily exchange traded markets are based on the closing price as of the balance sheet date and are classified as Level 1. The fair values of our investments in debt and equity securities classified as Level 2 are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. Inputs into these valuation techniques include actual trade data, benchmark yields, broker/dealer quotes and other similar data. These inputs are obtained from quoted market prices, independent pricing vendors or other sources.

Derivative Financial Instruments

The fair values of our futures contracts are primarily determined using quoted contract prices on futures exchange markets. The fair values of these instruments are based on the closing contract price as of the balance sheet date and are classified as Level 1.

The fair values of our derivative instruments other than futures are determined using standard valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these standard valuation models for derivative instruments other than futures include the applicable exchange rates, forward rates, interest rates, discount rates and commodity prices. The standard valuation model for options also uses implied volatility as an additional input. The discount rates are based on the historical U.S. Deposit or U.S. Treasury rates, and the implied volatility specific to options is based on quoted rates from financial institutions.

Included in the fair values of derivative instruments is an adjustment for nonperformance risk. The adjustment is based on current credit default swap ("CDS") rates applied to each contract, by counterparty. We use our counterparty's CDS rate when we are in an asset position and our own CDS rate when we are in a liability position. The adjustment for nonperformance risk did not have a significant impact on the estimated fair values of our derivative instruments.

The following tables summarize those assets and liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2019					
	Level 1	Level 2	Level 3	Other[3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 1,877	$ 219	$ 14	$ 109	$ —	$ 2,219
Debt securities[1]	—	3,291	37	—	—	3,328
Derivatives[2]	9	579	—	—	(392) [5]	196 [6]
Total assets	$ 1,886	$ 4,089	$ 51	$ 109	$ (392)	$ 5,743
Liabilities:						
Derivatives[2]	$ —	$ (162)	$ —	$ —	$ 130	$ (32) [6]
Total liabilities	$ —	$ (162)	$ —	$ —	$ 130	$ (32)

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 6 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 6.

[5] The Company is obligated to return $261 million in cash collateral it has netted against its derivative position.

[6] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $196 million in the line item other assets and $32 million in the line item other liabilities. Refer to Note 6 for additional information related to the composition of our derivative portfolio.

	December 31, 2018					
	Level 1	Level 2	Level 3	Other[3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 1,681	$ 186	$ 6	$ 61	$ —	$ 1,934
Debt securities[1]	—	5,018	19	—	—	5,037
Derivatives[2]	2	313	—	—	(261) [5]	54 [7]
Total assets	$ 1,683	$ 5,517	$ 25	$ 61	$ (261)	$ 7,025
Liabilities:						
Derivatives[2]	$ (14)	$ (221)	$ —	$ —	$ 182 [6]	$ (53) [7]
Total liabilities	$ (14)	$ (221)	$ —	$ —	$ 182	$ (53)

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 6 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 6.

[5] The Company is obligated to return $96 million in cash collateral it has netted against its derivative position.

[6] The Company has the right to reclaim $4 million in cash collateral it has netted against its derivative position.

[7] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $54 million in the line item other assets; $3 million in the line item accounts payable and accrued expenses; and $50 million in the line item other liabilities. Refer to Note 6 for additional information related to the composition of our derivative portfolio.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the years ended December 31, 2019 and 2018.

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. Gross transfers between levels within the hierarchy were not significant for the years ended December 31, 2019 and 2018.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges, or as a result of observable changes in equity securities using the measurement alternative.

The gains and losses on assets measured at fair value on a nonrecurring basis are summarized in the following table (in millions):

	Gains (Losses)	
Year Ended December 31,	**2019**	2018
Other-than-temporary impairment charges	**$ (767)** [1]	$ (591) [1]
CCBA asset adjustments	**(160)** [2]	(554) [2]
Investment in former equity method investee	**(118)** [3]	(32) [3]
Other long-lived asset impairment charges	**—**	(312) [5]
Intangible asset impairment charges	**(42)** [4]	(138) [5]
Total	**$ (1,087)**	$ (1,627)

[1] During the year ended December 31, 2019, the Company recorded other-than-temporary impairment charges of $406 million related to CCBJHI, an equity method investee. Based on the extent to which the market value of our investment in CCBJHI has been less than our carrying value and the financial condition and near-term prospects of the issuer, management determined that the decline in fair value was other than temporary in nature. These impairment charges were determined using the quoted market prices (a Level 1 measurement) of CCBJHI. During the year ended December 31, 2019, we also recorded other-than-temporary impairment charges of $255 million related to certain equity method investees in the Middle East. These impairment charges were derived using Level 3 inputs and were primarily driven by revised projections of future operating results largely related to instability in the region and changes in local excise taxes. During the year ended December 31, 2019, we recorded an other-than-temporary impairment charge of $57 million related to one of our equity method investees in North America. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results. During the year ended December 31, 2019, we also recorded an other-than-temporary impairment charge of $49 million related to one of our equity method investees in Latin America. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results. During the year ended December 31, 2018, we recognized other-than-temporary impairment charges of $334 million related to certain equity method investees in the Middle East. These impairments were primarily driven by revised projections of future operating results largely related to instability in the region, which include sanctions imposed locally. During the year ended December 31, 2018, we recognized an other-than-temporary impairment charge of $205 million related to our equity method investee in Indonesia. This impairment was primarily driven by revised projections of future operating results reflecting unfavorable macroeconomic conditions and foreign currency exchange rate fluctuations. This impairment charge was derived using discounted cash flow analyses based on Level 3 inputs. During the year ended December 31, 2018, we recognized an other-than-temporary impairment charge of $52 million related to one of our equity method investees in Latin America. This impairment was primarily driven by revised projections of future operating results. This impairment charge was derived using discounted cash flow analyses based on Level 3 inputs.

[2] During the year ended December 31, 2018, the Company recorded an impairment charge of $554 million related to assets held by CCBA. This charge was incurred primarily as a result of management's view of the proceeds that were expected to be received upon the sale of CCBA based on revised projections of future operating results and foreign currency exchange rate fluctuations. The fair value of these assets was derived using discounted cash flow analyses based on Level 3 inputs. As a result of CCBA no longer being classified as held for sale, during the year ended December 31, 2019, the Company was required to measure CCBA's property, plant and equipment and definite-lived intangible assets at the lower of their current fair values or their carrying amounts before they were classified as held for sale, adjusted for depreciation and amortization expense that would have been recognized had the business been classified as held and used during the period that CCBA was classified as held for sale. As a result, we reduced the carrying value of CCBA's property, plant and equipment and definite-lived intangible assets by $34 million and $126 million, respectively, based on Level 3 inputs. Refer to Note 2.

[3] During the year ended December 31, 2019, the Company recognized a net loss of $118 million in conjunction with our acquisition of the remaining equity ownership interest in CHI, which included the remeasurement of our previously held equity interest in CHI to fair value and the reversal of the related cumulative translation adjustments. The fair value of this investment was derived using discounted cash flow analyses based on Level 3 inputs. During the year ended December 31, 2018, the Company recognized a loss of $32 million, which included the remeasurement of our previously held equity interest in the

Philippine bottling operations to fair value and the reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. Refer to Note 2.

[4] The Company recorded an impairment charge of $42 million related to a trademark in Asia Pacific, which was primarily driven by revised projections of future operating results for the trademark. The fair value of this trademark was derived using discounted cash flow analyses based on Level 3 inputs.

[5] The Company recognized charges of $312 million related to CCR's property, plant and equipment and $138 million related to CCR's intangible assets. These charges were a result of management's revised estimate of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising. These charges were determined by comparing the fair value of the reporting unit, based on Level 3 inputs, to its carrying value.

Fair Value Measurements for Pension and Other Postretirement Benefit Plan Assets

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension and other postretirement benefit plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. Refer to Note 15. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension and other postretirement benefit plans.

Pension Plan Assets

The following table summarizes the levels within the fair value hierarchy for our pension plan assets (in millions):

	December 31, 2019					December 31, 2018				
	Level 1	**Level 2**	**Level 3**	**Other [1]**	**Total**	Level 1	Level 2	Level 3	Other [1]	Total
Cash and cash equivalents	**$ 597**	**$ 144**	**$ —**	**$ —**	**$ 741**	$ 461	$ 22	$ —	$ —	$ 483
Equity securities:										
U.S.-based companies	**1,876**	**7**	**21**	**—**	**1,904**	1,728	15	17	—	1,760
International-based companies	**1,354**	**33**	**—**	**—**	**1,387**	1,098	23	—	—	1,121
Fixed-income securities:										
Government bonds	**—**	**536**	**—**	**—**	**536**	—	463	—	—	463
Corporate bonds and debt securities	**—**	**924**	**40**	**—**	**964**	—	819	16	—	835
Mutual, pooled and commingled funds	**40**	**258**	**—**	**600 [3]**	**898**	46	130	—	699 [3]	875
Hedge funds/limited partnerships	**—**	**—**	**—**	**689 [4]**	**689**	—	—	—	828 [4]	828
Real estate	**—**	**—**	**—**	**342 [5]**	**342**	—	—	—	391 [5]	391
Other	**—**	**—**	**273 [2]**	**346 [6]**	**619**	—	—	270 [2]	403 [6]	673
Total	**$ 3,867**	**$ 1,902**	**$ 334**	**$ 1,977**	**$ 8,080**	$ 3,333	$ 1,472	$ 303	$ 2,321	$ 7,429

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 15.

[2] Includes purchased annuity insurance contracts.

[3] This class of assets includes actively managed emerging markets equity funds and a collective trust fund for qualified plans, invested primarily in equity securities of companies in developed and emerging markets. There are no liquidity restrictions on these investments.

[4] This class of assets includes hedge funds that can be subject to redemption restrictions, ranging from monthly to semi-annually, with a redemption notice period of up to 180 days and/or initial lock-up periods of up to one year, and private equity funds that are primarily closed-end funds in which the Company's investments are generally not eligible for redemption. Distributions from these private equity funds will be received as the underlying assets are liquidated or distributed.

[5] This class of assets includes funds invested in real estate, including a privately held real estate investment trust, a real estate commingled pension trust fund, infrastructure limited partnerships and commingled investment funds. These funds seek current income and capital appreciation through the investments and can be subject to redemption restrictions, ranging from quarterly to semi-annually, with a redemption notice period of up to 90 days.

[6] This class of assets includes segregated portfolios of private investment funds that are invested in a portfolio of insurance-linked securities. These assets can be subject to a semi-annual redemption, with a redemption notice period of 90 days, subject to certain gate restrictions.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.S. and non-U.S. pension plans (in millions):

	Equity Securities	Fixed-Income Securities	Real Estate	Other	Total
2018					
Balance at beginning of year	$ 14	$ 24	$ 2	$ 263	$ 303
Actual return on plan assets held at the reporting date	(2)	(1)	—	19	16
Purchases, sales and settlements — net	3	(7)	(2)	1	(5)
Transfers into (out of) Level 3 — net	2	—	—	—	2
Foreign currency translation adjustments	—	—	—	(13)	(13)
Balance at end of year	$ 17	$ 16	$ —	$ 270 [1]	$ 303
2019					
Actual return on plan assets held at the reporting date	**1**	**—**	**—**	**10**	**11**
Purchases, sales and settlements — net	**1**	**21**	**—**	**1**	**23**
Transfers into (out of) Level 3 — net	**2**	**3**	**—**	**—**	**5**
Foreign currency translation adjustments	**—**	**—**	**—**	**(8)**	**(8)**
Balance at end of year	**$ 21**	**$ 40**	**$ —**	**$ 273** [1]	**$ 334**

[1] Includes purchased annuity insurance contracts.

Other Postretirement Benefit Plan Assets

The following table summarizes the levels within the fair value hierarchy for our other postretirement benefit plan assets (in millions):

	December 31, 2019				December 31, 2018			
	Level 1	**Level 2**	**Other [1]**	**Total**	Level 1	Level 2	Other [1]	Total
Cash and cash equivalents	**$ 56**	**$ 1**	**$ —**	**$ 57**	$ 73	$ —	$ —	$ 73
Equity securities:								
U.S.-based companies	**124**	**—**	**—**	**124**	93	—	—	93
International-based companies	**9**	**—**	**—**	**9**	7	—	—	7
Fixed-income securities:								
Government bonds	**—**	**3**	**—**	**3**	—	2	—	2
Corporate bonds and debt securities	**—**	**47**	**—**	**47**	—	16	—	16
Mutual, pooled and commingled funds	**—**	**2**	**82**	**84**	—	—	82	82
Hedge funds/limited partnerships	**—**	**—**	**7**	**7**	—	—	8	8
Real estate	**—**	**—**	**4**	**4**	—	—	4	4
Other	**—**	**—**	**4**	**4**	—	—	4	4
Total	**$ 189**	**$ 53**	**$ 97**	**$ 339**	$ 173	$ 18	$ 98	$ 289

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 15.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents; short-term investments; trade accounts receivable; accounts payable and accrued expenses; and loans and notes payable approximate their fair values because of the relatively short-term maturities of these financial instruments. As of December 31, 2019, the carrying amount and fair value of our long-term debt, including the current portion, were $31,769 million and $32,725 million, respectively. As of December 31, 2018, the carrying amount and fair value of our long-term debt, including the current portion, were $30,379 million and $30,456 million, respectively.

NOTE 19: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

Other Operating Charges

In 2019, the Company recorded other operating charges of $458 million. These charges included $264 million related to the Company's productivity and reinvestment program and $42 million related to the impairment of a trademark in Asia Pacific. In addition, other operating charges included $46 million of transaction costs associated with the purchase of Costa, which we acquired in January 2019, and $95 million for costs incurred to refranchise certain of our North America bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Refer to Note 2 for additional information on the acquisition of Costa and the refranchising of our bottling operations. Refer to Note 18 for additional information on the trademark impairment charge. Refer to Note 20 for additional information on the Company's productivity and reinvestment program. Refer to Note 21 for the impact these charges had on our operating segments and Corporate.

In 2018, the Company recorded other operating charges of $1,079 million. These charges primarily consisted of $450 million of CCR asset impairments and $440 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $139 million related to costs incurred to refranchise certain of our North America bottling operations. Other operating charges also included $33 million related to tax litigation expense and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 for additional information on the refranchising of our bottling operations. Refer to Note 13 for additional information related to the tax litigation. Refer to Note 18 for additional information on the impairment charges. Refer to Note 20 for additional information on the Company's productivity and reinvestment program. Refer to Note 21 for the impact these charges had on our operating segments and Corporate.

In 2017, the Company recorded other operating charges of $1,902 million. These charges primarily consisted of $737 million of CCR asset impairments and $534 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $280 million related to costs incurred to refranchise certain of our bottling operations. Other operating charges also included $225 million related to a cash contribution we made to The Coca-Cola Foundation, $67 million related to tax litigation expense, $34 million related to impairments of Venezuelan intangible assets and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 for additional information on the refranchising of our bottling operations. Refer to Note 20 for additional information on the Company's productivity and reinvestment program. Refer to Note 21 for the impact these charges had on our operating segments and Corporate.

Other Nonoperating Items

Interest Expense

During the year ended December 31, 2018, the Company recorded a net gain of $27 million related to the early extinguishment of long-term debt. Refer to Note 12.

During the year ended December 31, 2017, the Company recorded a net charge of $38 million related to the early extinguishment of long-term debt. Refer to Note 12.

Equity Income (Loss) — Net

The Company recorded net charges of $100 million, $111 million and $92 million in equity income (loss) — net during the years ended December 31, 2019, 2018 and 2017, respectively. These amounts primarily represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 21 for the impact these charges had on our operating segments and Corporate.

Other Income (Loss) — Net

In 2019, other income (loss) — net was income of $34 million. The Company recognized a gain of $739 million on the sale of a retail and office building in New York City. The Company also recognized a net gain of $250 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, a gain of $73 million related to the refranchising of certain bottling operations in India and a gain of $39 million related to the sale of a portion of our equity ownership interest in Andina. These gains were partially offset by other-than-temporary impairment charges of $406 million related to CCBJHI, an equity method investee, $255 million related to certain equity method investees in the Middle East, $57 million related to one of our equity method investees in North America, and $49 million related to one of our equity method investees in Latin America. The Company also recorded an adjustment to reduce the carrying amount of CCBA's fixed assets and definite-lived intangible assets by $160 million and recognized a $118 million net loss in conjunction with our acquisition of the remaining equity ownership interest in CHI. Additionally, the Company recognized net charges of $105 million primarily related to post-closing adjustments as contemplated by the related agreements associated with the refranchising of certain bottling territories in North America and charges of $4 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2 for additional information on the CCBA asset adjustment, refranchising activities, the North America conversion payments, the acquisition of the remaining equity ownership interest in CHI and the sale of a portion of our equity ownership interest in Andina. Refer to Note 4 for additional information on equity and debt securities. Refer to Note 18 for additional information on the CCBA asset adjustment, impairment charges and the loss recognized in conjunction with our acquisition of the remaining equity ownership interest in CHI. Refer to Note 21 for the impact these items had on our operating segments and Corporate.

In 2018, other income (loss) — net was a loss of $1,674 million. The Company recorded other-than-temporary impairment charges of $591 million related to certain of our equity method investees, an impairment charge of $554 million related to assets held by CCBA and net charges of $476 million due to the refranchising of certain bottling territories in North America. The Company also recorded a net loss of $278 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, charges of $240 million related to pension settlements, and a net loss of $79 million related to economic hedging activity associated with the purchase of Costa, which we acquired in January 2019. Additionally, we recorded charges of $34 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements, a net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations, and a $32 million loss related to acquiring a controlling interest in the Philippine bottling operations. These charges were partially offset by a net gain of $296 million related to the sale of our equity ownership in Lindley and a net gain of $47 million related to the refranchising of our Latin American bottling operations. Refer to Note 1 and Note 4 for additional information on equity and debt securities. Refer to Note 2 for additional information on refranchising activities, North America conversion payments, the sale of our equity ownership in Lindley, our acquisition of the controlling interest in the Philippine bottling operations and our acquisition of Costa. Refer to Note 6 for additional information on our hedging activities. Refer to Note 18 for additional information on the impairment charges. Refer to Note 21 for the impact these items had on our operating segments and Corporate.

In 2017, other income (loss) — net was a loss of $1,763 million. The Company recognized net charges of $2,140 million due to the refranchising of certain bottling territories in North America and charges of $313 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. The Company also recorded net charges of $255 million resulting from settlements, special termination benefits and curtailment credits primarily related to North America refranchising and the Company's productivity and reinvestment program. Additionally, the Company recorded an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The Company also incurred a charge of $26 million related to our former German bottling operations. These charges were partially offset by a gain of $445 million related to the integration of Coca-Cola West Co., Ltd. ("CCW") and Coca-Cola East Japan Co., Ltd. ("CCEJ") to establish CCBJHI. In exchange for our previously existing equity interests in CCW and CCEJ, we received an approximate 17 percent equity interest in CCBJHI. The Company also recognized a gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value upon consolidation of CCBA. Additionally, the Company recognized a gain of $88 million related to the refranchising of our China bottling operations and the sale of a related cost method investment and a gain of

$25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Refer to Note 2 for additional information on refranchising activities, the conversion payments and our consolidation of CCBA. Refer to Note 21 for the impact these items had on our operating segments and Corporate.

NOTE 20: PRODUCTIVITY AND REINVESTMENT PROGRAM

In February 2012, the Company announced a productivity and reinvestment program designed to further enable our efforts to strengthen our brands and reinvest our resources to drive long-term profitable growth. This program is focused on the following initiatives: global supply chain optimization; global marketing and innovation effectiveness; operating expense leverage and operational excellence; data and information technology systems standardization; and the integration of Old CCE.

In February 2014, the Company announced the expansion of our productivity and reinvestment program to drive incremental productivity that will primarily be redirected into increased media investments. Our incremental productivity goal consists of two relatively equal components. First, we will expand savings through global supply chain optimization, data and information technology systems standardization, and resource and cost reallocation. Second, we will increase the effectiveness of our marketing investments by transforming our marketing and commercial model to redeploy resources into more consumer-facing marketing investments to accelerate growth.

In October 2014, the Company announced that we were further expanding our productivity and reinvestment program and extending it through 2019. The expansion of the productivity initiatives focuses on four key areas: restructuring the Company's global supply chain; implementing zero-based work, an evolution of zero-based budget principles, across the organization; streamlining and simplifying the Company's operating model; and further driving increased discipline and efficiency in direct marketing investments.

In April 2017, the Company announced another expansion of our productivity and reinvestment program. This expansion is focused on achieving additional efficiencies in both our supply chain and our marketing expenditures as well as transitioning to a new, more agile operating model to enable growth. Under this operating model, our business units will be supported by an expanded enabling services organization and a corporate center focused on a few strategic initiatives, policy and governance. The expanded enabling services organization will focus on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence. Certain productivity initiatives included in this program, primarily related to our enabling services organization, will continue beyond 2019.

The Company has incurred total pretax expenses of $3,830 million related to our productivity and reinvestment program since it commenced. These expenses were recorded in the line items other operating charges and other income (loss) — net in our consolidated statements of income. Refer to Note 21 for the impact these charges had on our operating segments and Corporate. Outside services reported in the table below primarily relate to expenses in connection with legal, outplacement and consulting activities. Other direct costs reported in the table below include, among other items, internal and external costs associated with the development, communication, administration and implementation of these initiatives; accelerated depreciation on certain fixed assets; contract termination fees; and relocation costs.

The following table summarizes the balance of accrued expenses related to these productivity and reinvestment initiatives and the changes in the accrued amounts (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2017				
Accrued balance at beginning of year	$ 123	$ 6	$ 22	$ 151
Costs incurred	310	79	261	650
Payments	(181)	(83)	(267)	(531)
Noncash and exchange	(62) [1]	(1)	(1)	(64)
Accrued balance at end of year	$ 190	$ 1	$ 15	$ 206
2018				
Accrued balance at beginning of year	$ 190	$ 1	$ 15	$ 206
Costs incurred	164	92	252	508
Payments	(209)	(83)	(211)	(503)
Noncash and exchange	(69) [1]	—	(52)	(121)
Accrued balance at end of year	$ 76	$ 10	$ 4	$ 90
2019				
Accrued balance at beginning of year	**$ 76**	**$ 10**	**$ 4**	**$ 90**
Costs incurred	**36**	**87**	**141**	**264**
Payments	**(57)**	**(98)**	**(119)**	**(274)**
Noncash and exchange	**3** [1]	**2**	**(19)**	**(14)**
Accrued balance at end of year	**$ 58**	**$ 1**	**$ 7**	**$ 66**

[1] Includes pension settlement charges. Refer to Note 15.

NOTE 21: OPERATING SEGMENTS

Our organizational structure consists of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Global Ventures and Bottling Investments. Our operating structure also includes Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance; and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

Segment Products and Services

The business of our Company is nonalcoholic beverages. Our geographic operating segments (Europe, Middle East and Africa; Latin America; North America; and Asia Pacific) derive a majority of their revenues from the manufacture and sale of beverage concentrates and syrups and, in some cases, the sale of finished beverages. Our Global Ventures operating segment includes the results of our Costa, innocent and doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster. Our Bottling Investments operating segment is composed of our Company-owned or consolidated bottling operations, regardless of the geographic location of the bottler. Our Bottling Investments operating segment also includes equity income from the majority of our equity method investments. Company-owned or consolidated bottling operations derive the majority of their revenues from the sale of finished beverages. Generally, finished product operations produce higher net operating revenues but lower gross profit margins compared to concentrate operations. Refer to Note 3.

The following table sets forth the percentage of total net operating revenues related to concentrate operations and finished product operations:

Year Ended December 31,	**2019**	2018	2017
Concentrate operations	**55 %**	58 %	50 %
Finished product operations	**45**	42	50
Total	**100 %**	100 %	100 %

Method of Determining Segment Income or Loss

Management evaluates the performance of our operating segments separately to individually monitor the different factors affecting financial performance. Our Company manages income taxes and certain treasury-related items, such as interest income and expense, on a global basis within Corporate. We evaluate segment performance based primarily on net operating revenues and operating income (loss).

Geographic Data

The following table provides information related to our net operating revenues (in millions):

Year Ended December 31,		**2019**		2018		2017
United States	**$**	**11,715**	$	11,344	$	14,727
International		**25,551**		22,956		21,485
Net operating revenues	**$**	**37,266**	$	34,300	$	36,212

The following table provides information related to our property, plant and equipment — net (in millions):

Year Ended December 31,		**2019**		2018		2017
United States	**$**	**4,062**	$	4,154	$	4,163
International		**6,776**		5,444		5,475
Property, plant and equipment — net	**$**	**10,838**	$	9,598	$	9,638

Information about our Company's operations by operating segment and Corporate as of and for the years ended December 31, 2019, 2018 and 2017 is as follows (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Global Ventures	Bottling Investments	Corporate	Eliminations	Consolidated
2019									
Net operating revenues:									
Third party	**$ 6,434**	**$ 4,118**	**$ 11,906**	**$ 4,723**	**$ 2,560**	**$ 7,431**	**$ 94**	**$ —**	**$ 37,266**
Intersegment	**624**	**—**	**9**	**604**	**2**	**9**	**—**	**(1,248)**	**—**
Total net operating revenues	**7,058**	**4,118**	**11,915**	**5,327**	**2,562**	**7,440**	**94**	**(1,248)**	**37,266**
Operating income (loss)	**3,551**	**2,375**	**2,594**	**2,282**	**334**	**358**	**(1,408)**	**—**	**10,086**
Interest income	**—**	**—**	**65**	**—**	**12**	**—**	**486**	**—**	**563**
Interest expense	**—**	**—**	**—**	**—**	**—**	**—**	**946**	**—**	**946**
Depreciation and amortization	**86**	**35**	**439**	**31**	**117**	**446**	**211**	**—**	**1,365**
Equity income (loss) — net	**35**	**(32)**	**(6)**	**11**	**(3)**	**836**	**208**	**—**	**1,049**
Income (loss) before income taxes	**3,361**	**2,288**	**2,592**	**2,310**	**343**	**716**	**(824)**	**—**	**10,786**
Identifiable operating assets	**8,143** [1]	**1,801**	**17,687**	**2,060**	**7,265**	**11,170** [1]	**18,376**	**—**	**66,502**
Investments[2]	**543**	**716**	**358**	**224**	**14**	**14,093**	**3,931**	**—**	**19,879**
Capital expenditures	**108**	**140**	**392**	**47**	**209**	**836**	**322**	**—**	**2,054**
2018									
Net operating revenues:									
Third party	$ 6,535	$ 3,971	$ 11,370	$ 4,797	$ 767	$ 6,768	$ 92	$ —	$ 34,300
Intersegment	564	39	260	388	3	19	—	(1,273)	—
Total net operating revenues	7,099	4,010	11,630	5,185	770	6,787	92	(1,273)	34,300
Operating income (loss)	3,693	2,318	2,318	2,271	152	(197)	(1,403)	—	9,152
Interest income	—	—	57	—	13	—	619	—	689
Interest expense	—	—	—	—	—	—	950	—	950
Depreciation and amortization	77	30	422	58	8	239	252	—	1,086
Equity income (loss) — net	2	(19)	(2)	12	—	828	187	—	1,008
Income (loss) before income taxes	3,386	2,243	2,345	2,298	165	(159)	(2,053)	—	8,225
Identifiable operating assets	7,414 [1]	1,715	17,519	1,996	968	10,525 [1]	22,800	—	62,937
Investments[2]	789	784	400	216	—	14,372	3,718	—	20,279
Capital expenditures	66	90	429	31	11	517	404	—	1,548
2017									
Net operating revenues:									
Third party	$ 6,780	$ 3,953	$ 8,678	$ 4,753	$ 712	$ 11,223	$ 113	$ —	$ 36,212
Intersegment	42	73	1,951	409	3	83	—	(2,561)	—
Total net operating revenues	6,822	4,026	10,629	5,162	715	11,306	113	(2,561)	36,212
Operating income (loss)	3,585	2,215	2,472	2,136	159	(806)	(2,006)	—	7,755
Interest income	—	—	36	—	9	—	634	—	679
Interest expense	—	—	—	—	—	—	853	—	853
Depreciation and amortization	86	37	411	65	5	454	202	—	1,260
Equity income (loss) — net	49	(3)	(3)	11	—	878	140	—	1,072
Income (loss) before income taxes	3,666	2,209	2,192	2,168	167	(2,202)	(1,310)	—	6,890
Capital expenditures	77	55	541	50	4	737	286	—	1,750

[1] Property, plant and equipment — net in South Africa represented 16 percent and 14 percent of consolidated property, plant and equipment — net in 2019 and 2018, respectively.

[2] Principally equity method investments and other investments in bottling companies.

During 2019, 2018 and 2017, our operating segments and Corporate were impacted by acquisition and divestiture activities. Refer to Note 2.

In 2019, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $2 million for Europe, Middle East and Africa, $1 million for Latin America, $62 million for North America, $5 million for Bottling Investments and $194 million for Corporate due to the Company's productivity and reinvestment program. Refer to Note 20.

- Operating income (loss) and income (loss) before income taxes were reduced by $95 million for Bottling Investments due to costs incurred to refranchise certain of our North America bottling operations.

- Operating income (loss) and income (loss) before income taxes were reduced by $46 million for Corporate related to transaction costs associated with the purchase of Costa, which we acquired in January 2019. Refer to Note 2.

- Operating income (loss) and income (loss) before income taxes were reduced by $42 million for Asia Pacific due to an impairment charge related to a trademark. Refer to Note 18.

- Income (loss) before income taxes was increased by $739 million for Corporate as a result of the sale of a retail and office building in New York City.

- Income (loss) before income taxes was increased by $250 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Income (loss) before income taxes was increased by $73 million for Bottling Investments due to the refranchising of certain bottling operations in India. Refer to Note 2.

- Income (loss) before income taxes was increased by $39 million for Corporate related to the sale of a portion of our equity ownership interest in Andina. Refer to Note 2.

- Income (loss) before income taxes was reduced by $406 million for Bottling Investments, $255 million for Europe, Middle East and Africa, $57 million for North America and $49 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees. Refer to Note 18.

- Income (loss) before income taxes was reduced by $160 million for Corporate as a result of CCBA asset adjustments. Refer to Note 2.

- Income (loss) before income taxes was reduced by $118 million for Corporate resulting from a net loss in conjunction with our acquisition of the remaining equity ownership interest in CHI. Refer to Note 2.

- Income (loss) before income taxes was reduced by $105 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) before income taxes was reduced by $98 million for Bottling Investments and $2 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

In 2018, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $4 million for Latin America, $175 million for North America, $31 million for Bottling Investments and $237 million for Corporate, and increased by $3 million for Europe, Middle East and Africa and $4 million for Asia Pacific due to the Company's productivity and reinvestment program, including refinements to prior period accruals. In addition, income (loss) before income taxes was reduced by $64 million for Corporate and $4 million for

Latin America due to pension settlements related to the Company's productivity and reinvestment program. Refer to Note 15 and Note 20.

- Operating income (loss) and income (loss) before income taxes were reduced by $450 million for Bottling Investments due to asset impairment charges. Refer to Note 18.

- Operating income (loss) and income (loss) before income taxes were reduced by $139 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations.

- Operating income (loss) and income (loss) before income taxes were reduced by $33 million for Corporate due to tax litigation expense. Refer to Note 13.

- Operating income (loss) and income (loss) before income taxes were reduced by $19 million for Corporate related to noncapitalizable transaction costs associated with pending and closed transactions.

- Income (loss) before income taxes was increased by $296 million for Corporate related to the sale of our equity ownership in Lindley. Refer to Note 2.

- Income (loss) before income taxes was increased by $47 million for Corporate related to the refranchising of our Latin American bottling operations. Refer to Note 2.

- Income (loss) before income taxes was increased by $27 million for Corporate related to a net gain on the extinguishment of long-term debt. Refer to Note 12.

- Income (loss) before income taxes was reduced by $554 million for Corporate as a result of an impairment charge related to assets held by CCBA. Refer to Note 18.

- Income (loss) before income taxes was reduced by $476 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) before income taxes was reduced by $334 million for Europe, Middle East and Africa, $205 million for Bottling Investments and $52 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees. Refer to Note 18.

- Income (loss) before income taxes was reduced by $278 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Income (loss) before income taxes was reduced by $124 million for Bottling Investments and increased by $13 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Income (loss) before income taxes was reduced by $149 million for Bottling Investments due to pension settlements related to the refranchising of certain of our North America bottling operations. Refer to Note 15.

- Income (loss) before income taxes was reduced by $79 million for Corporate related to economic hedging activity associated with the purchase of Costa, which we acquired in January 2019.

- Income (loss) before income taxes was reduced by $34 million for North America primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- Income (loss) before income taxes was reduced by $33 million for Bottling Investments primarily due to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations.

- Income (loss) before income taxes was reduced by $32 million for Corporate related to acquiring a controlling interest in the Philippine bottling operations. Refer to Note 2.

In 2017, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) before income taxes were reduced by $26 million for Europe, Middle East and Africa, $7 million for Latin America, $241 million for North America, $10 million for Asia Pacific, $57 million for Bottling Investments and $193 million for Corporate due to the Company's productivity and reinvestment program. Income (loss) before income taxes was also reduced by $116 million for Corporate due to pension settlements related to the Company's productivity and reinvestment program. Refer to Note 15 and Note 20.

- Operating income (loss) and income (loss) before income taxes were reduced by $737 million for Bottling Investments and $34 million for Corporate due to asset impairment charges.

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Operating income (loss) was reduced by $280 million and income (loss) before income taxes was reduced by $419 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations. Refer to Note 2.

- Operating income (loss) and income (loss) before income taxes were reduced by $225 million for Corporate as a result of a cash contribution we made to The Coca-Cola Foundation.

- Operating income (loss) and income (loss) before income taxes were reduced by $67 million for Corporate due to tax litigation expense. Refer to Note 13.

- Income (loss) before income taxes was increased by $445 million for Corporate due to a gain recognized resulting from the merger of CCW and CCEJ. Refer to Note 19.

- Income (loss) before income taxes was increased by $150 million for Corporate related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value. Refer to Note 2.

- Income (loss) before income taxes was increased by $88 million for Corporate due to a gain recognized upon refranchising our China bottling operations and selling a related cost method investment. Refer to Note 2.

- Income (loss) before income taxes was increased by $25 million for Corporate due to Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment.

- Income (loss) before income taxes was reduced by $2,140 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) before income taxes was reduced by $313 million for North America primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- Income (loss) before income taxes was reduced by $50 million for Corporate due to an other-than-temporary impairment charge related to one of our international equity method investees.

- Income (loss) before income taxes was reduced by $38 million for Corporate due to the early extinguishment of long-term debt. Refer to Note 12.

- Income (loss) before income taxes was reduced by $26 million for Corporate due to a charge related to our former German bottling operations.

- Income (loss) before income taxes was reduced by $4 million for Europe, Middle East and Africa, $2 million for North America, $70 million for Bottling Investments and $16 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

NOTE 22: NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided by (used in) operating activities attributable to the net change in operating assets and liabilities is composed of the following (in millions):

Year Ended December 31,	**2019**	2018	2017
(Increase) decrease in trade accounts receivable	**$ (158)**	$ 27	$ (108)
(Increase) decrease in inventories	**(183)**	(203)	(276)
(Increase) decrease in prepaid expenses and other assets	**(87)**	(221)	506
Increase (decrease) in accounts payable and accrued expenses[1]	**1,318**	(251)	(573)
Increase (decrease) in accrued income taxes	**96**	(17)	(159)
Increase (decrease) in other liabilities[2]	**(620)**	(575)	4,052
Net change in operating assets and liabilities	**$ 366**	$ (1,240)	$ 3,442

[1] The increase in accounts payable and accrued expenses in 2019 was primarily due to extending payment terms with our suppliers.

[2] The increase in other liabilities in 2017 was primarily due to the one-time transition tax required by the Tax Reform Act signed into law on

December 22, 2017. Refer to Note 16.

NOTE 23: SUBSEQUENT EVENT

In January 2020, the Company acquired the remaining 57.5 percent stake in fairlife, LLC ("fairlife") and now owns 100 percent of fairlife. fairlife offers a broad portfolio of products in the value-added dairy category across North America. Value-added dairy products have been one of the fastest-growing nonalcoholic beverage categories in the United States, with fairlife being a large contributor to sales growth. fairlife's success has been supported by new product innovations, ranging from lactose-free, ultra-filtered milk with less sugar and more protein than competing brands, to high-protein recovery and nutrition shakes and drinkable snacks. A significant portion of fairlife's revenues is already reflected in our consolidated financial statements, as we have operated as the sales and distribution organization for certain fairlife products. Under the terms of the agreement, we paid $1.0 billion upon the close of the transaction and are subject to making future milestone payments which are contingent on fairlife achieving certain financial targets through 2024. These milestone payments are based on agreed-upon formulas related to fairlife's operating results, the resulting value of which is not subject to a ceiling. We are currently in the process of finalizing the accounting for this transaction, including the valuation of the expected milestone payments and the remeasurement of our previously held equity interest. We expect to complete these valuations, as well as our preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed, by the end of the first quarter of 2020.

REPORT OF MANAGEMENT

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with accounting principles generally accepted in the United States appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

Management of the Company is responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel, and a written Code of Business Conduct adopted by our Company's Board of Directors, applicable to all officers and employees of our Company and subsidiaries. In addition, our Company's Board of Directors adopted a written Code of Business Conduct for Non-Employee Directors which reflects the same principles and values as our Code of Business Conduct for officers and employees but focuses on matters of relevance to non-employee Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"). Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") in *Internal Control—Integrated Framework*. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2019.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's Board of Directors, subject to ratification by our Company's shareowners. Ernst & Young LLP has audited and reported on the consolidated financial statements of The Coca-Cola Company and subsidiaries and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

Audit Committee's Responsibility

The Audit Committee of our Company's Board of Directors, composed solely of Directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act, and the

Company's Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal controls along with auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief

internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in the Company's 2020 Proxy Statement.

image3a06.jpg

James R. Quincey

Chairman of the Board of Directors and Chief Executive Officer
February 24, 2020

image4a06.jpg

Larry M. Mark

Vice President and Controller
February 24, 2020

johnssignature214a02.jpg

John Murphy

Executive Vice President and Chief Financial Officer
February 24, 2020

image5a06.jpg

Mark Randazza

Vice President, Assistant Controller and Chief Accounting Officer
February 24, 2020

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for uncertain tax positions

Description of the Matter

As described in Note 13 and Note 16 to the consolidated financial statements, the Company is involved in various income tax matters for which the ultimate outcomes are uncertain. As of December 31, 2019, the gross amount of unrecognized tax benefits was $392 million. Additionally, as described in Note 13, on September 17, 2015 the Company received a Statutory Notice of Deficiency ("Notice") from the Internal Revenue Service for the tax years 2007 through 2009 in the amount of $3.3 billion for the period, plus interest. While the Company continues to disagree strongly with the IRS' position, there is no assurance that the U.S. Tax Court will rule in the Company's favor, and it is possible that all or some portion of the adjustment proposed by the IRS Notice ultimately could be sustained.

Auditing management's evaluation of uncertain tax positions, including the uncertain tax position associated with the IRS Notice, was especially challenging due to the level of subjectivity and significant judgment associated with the recognition and measurement of the tax positions that are more likely than not to be sustained.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the effectiveness of controls over the Company's accounting process for uncertain tax positions. Our procedures included testing controls addressing the completeness of uncertain tax positions, controls relating to the identification and recognition of the uncertain tax positions, controls over the measurement of the unrecognized tax benefit, and controls over the identification of developments related to existing uncertain tax positions.

Our audit procedures included, among others, evaluating the assumptions the Company used to assess its uncertain tax positions and related unrecognized tax benefit amounts by jurisdiction. We also tested the completeness and accuracy of the underlying data used in the identification and measurement of uncertain tax positions. We evaluated evidence of the status of the litigation with the IRS, including inquiries of tax counsel and written representations of management. We involved professionals with specialized skill and knowledge to assist in our evaluation of the tax technical merits of the Company's assessment, including the assessment of whether the tax positions are more likely than not to be sustained, the amount of the potential benefits to be realized, and the application of relevant tax law. We also assessed the Company's disclosure of uncertain tax positions included in Note 13 and Note 16.

Valuation of trademarks with indefinite lives and goodwill

Description of the Matter

As described in Note 1 of the Company's consolidated financial statements, the Company performs an annual impairment assessment of its indefinite-lived intangible assets, including trademarks with indefinite lives and goodwill, or more frequently if events or circumstances indicate that assets might be impaired. Each impairment assessment may be qualitative or quantitative. Trademarks with indefinite lives and goodwill were $9,266 million and $16,764 million, respectively, at December 31, 2019.

Auditing the valuation of trademarks with indefinite lives and reporting units with goodwill involved complex judgment due to the significant estimation required in determining the fair value of the trademarks with indefinite lives and related reporting units with goodwill, respectively. Specifically, the fair value estimates were sensitive to significant assumptions about future market and economic conditions. Significant assumptions used in the Company's fair value estimates included sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, and tax rates, as applicable.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's annual impairment assessments for trademarks with indefinite lives and reporting units with goodwill. For example, we tested management's risk assessment process to determine whether to perform a quantitative or qualitative assessment and management's review controls over the valuation models and underlying assumptions used to develop such estimates. For impairment assessments of reporting units with goodwill, we also tested controls over the determination of the carrying value of the reporting units. We tested the estimated fair values of the trademarks with indefinite lives and reporting units with goodwill based on our risk assessments. Our audit procedures included, among others, comparing significant judgmental inputs to observable third party and industry sources, considering other observable market transactions, and evaluating the reasonableness of management's projected financial information by comparing to third party industry projections, third party economic growth projections, and other internal and external data. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of the trademarks with indefinite lives and reporting units with goodwill and also assessed the historical accuracy of management's estimates. In addition, we involved specialists to assist in our evaluation of certain significant assumptions used in the Company's discounted cash flow analyses. We also assessed the Company's disclosure of its annual impairment assessments included in Note 1.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1921.

Atlanta, Georgia
February 24, 2020

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on Internal Control over Financial Reporting

We have audited The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Coca-Cola Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 24, 2020

Quarterly Data (Unaudited)

(In millions except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2019					
Net operating revenues	**$ 8,694**	**$ 9,997**	**$ 9,507**	**$ 9,068**	**$ 37,266**
Gross profit	**5,329**	**6,076**	**5,740**	**5,502**	**22,647**
Net income attributable to shareowners of The Coca-Cola Company	**1,678**	**2,607**	**2,593**	**2,042**	**8,920**
Basic net income per share	**$ 0.39**	**$ 0.61**	**$ 0.61**	**$ 0.48**	**$ 2.09**
Diluted net income per share	**$ 0.39**	**$ 0.61**	**$ 0.60**	**$ 0.47**	**$ 2.07**
2018					
Net operating revenues	$ 8,298	$ 9,421	$ 8,775	$ 7,806	$ 34,300
Gross profit	5,222	5,878	5,429	4,704	21,233
Net income attributable to shareowners of The Coca-Cola Company	1,368	2,316	1,880	870	6,434
Basic net income per share	$ 0.32	$ 0.54	$ 0.44	$ 0.20	$ 1.51 [1]
Diluted net income per share	$ 0.32	$ 0.54	$ 0.44	$ 0.20	$ 1.50

[1] The sum of the quarterly net income per share amounts does not agree to the full year net income per share amounts. We calculate net income per share based on the weighted-average number of outstanding shares during the reporting period. The average number of shares fluctuates throughout the year and can therefore produce a full year result that does not agree to the sum of the individual quarters.

Our first quarter, second quarter and third quarter reporting periods end on the Friday closest to the last day of the applicable quarterly calendar period. Our fourth quarter and fiscal year end on December 31 regardless of the day of the week on which December 31 falls.

During 2019 and 2018, our quarterly operating results were impacted by acquisition and divestiture activities. Refer to Note 2.

The Company's first quarter 2019 results were impacted by one less day compared to the first quarter of 2018. Furthermore, the Company recorded the following transactions which impacted results:

- An other-than-temporary impairment charge of $286 million related to CCBJHI, an equity method investee. Refer to Note 18.
- A net gain of $149 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- A net loss of $121 million related to acquiring a controlling interest in CHI. Refer to Note 2.
- Charges of $68 million due to the Company's productivity and reinvestment program. Refer to Note 20.
- An other-than-temporary impairment charge of $57 million related to one of our equity method investees in North America. Refer to Note 18.
- Charges of $46 million for transaction costs associated with the purchase of Costa. Refer to Note 2.
- Net charges of $42 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- A gain of $39 million related to the sale of a portion of our equity ownership interest in Andina. Refer to Note 2.

- Charges of $11 million related to costs incurred to refranchise certain of our North America bottling operations.

- Charges of $4 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

In the second quarter of 2019, the Company recorded the following transactions which impacted results:

- An adjustment to reduce the carrying amount of CCBA's fixed assets and definite-lived intangible assets by $160 million as a result of the Company's change in plans for CCBA. Refer to Note 2.

- Charges of $55 million due to the Company's productivity and reinvestment program. Refer to Note 20.

- An other-than-temporary impairment charge of $49 million related to one of our equity method investees in Latin America. Refer to Note 18.

- Charges of $29 million related to costs incurred to refranchise certain of our North America bottling operations.

- A net charge of $26 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- A net gain of $10 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

In the third quarter of 2019, the Company recorded the following transactions which impacted results:

- A gain of $739 million on the sale of a retail and office building in New York City.

- Other-than-temporary impairment charges of $255 million related to certain of our equity method investees in the Middle East. Refer to Note 18.

- An other-than-temporary impairment charge of $120 million related to CCBJHI, an equity method investee. Refer to Note 18.

- Charges of $103 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Charges of $61 million due to the Company's productivity and reinvestment program. Refer to Note 20.

- An impairment charge of $42 million related to a trademark in Asia Pacific. Refer to Note 18.

- A net charge of $39 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- A net gain of $38 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Charges of $21 million related to costs incurred to refranchise certain of our North America bottling operations.

The Company's fourth quarter 2019 results were impacted by one additional day compared to the fourth quarter of 2018. Furthermore, the Company recorded the following transactions which impacted results:

- Charges of $80 million due to the Company's productivity and reinvestment program. Refer to Note 20.

- A net gain of $73 million related to the refranchising of certain of our bottling operations in India. Refer to Note 2.

- A net gain of $53 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Charges of $34 million related to costs incurred to refranchise certain of our North America bottling operations.

- A net gain of $7 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- A net gain of $3 million related to acquiring a controlling interest in CHI. Refer to Note 2.

-

A net gain of $2 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

In the first quarter of 2018, the Company recorded the following transactions which impacted results:

- Charges of $390 million related to the impairment of certain CCR assets. Refer to Note 18.
- Charges of $95 million due to the Company's productivity and reinvestment program. Refer to Note 20.
- A net loss of $85 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- A net charge of $51 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Charges of $45 million related to costs incurred to refranchise certain of our North America bottling operations.
- A net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations.
- Charges of $19 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

In the second quarter of 2018, the Company recorded the following transactions which impacted results:

- Charges of $150 million due to the Company's productivity and reinvestment program. Refer to Note 20.

- Charges of $102 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Charges of $60 million related to the impairment of certain assets. Refer to Note 18.
- An other-than-temporary impairment charge of $52 million related to one of our Latin American equity method investees. Refer to Note 18.
- Charges of $47 million related to pension settlements as a result of North America refranchising. Refer to Note 15.
- A net gain of $36 million related to the refranchising of our Latin American bottling operations. Refer to Note 2.
- A net gain of $36 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- Charges of $34 million related to costs incurred to refranchise certain of our North America bottling operations.
- A net charge of $33 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Charges of $22 million related to tax litigation expense. Refer to Note 13.

In the third quarter of 2018, the Company recorded the following transactions which impacted results:

- An impairment charge of $554 million related to assets held by CCBA. Refer to Note 2.
- A net gain of $370 million related to the sale of our equity ownership in Lindley. Refer to Note 2.
- Charges of $275 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- An other-than-temporary impairment charge of $205 million related to our equity method investee in Indonesia. Refer to Note 18.
- Charges of $132 million due to the Company's productivity and reinvestment program. Refer to Note 20.
- A net gain of $64 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- A gain of $41 million related to economic hedging activity associated with the purchase of Costa, which we acquired in January 2019. Refer to Note 6.
- Charges of $38 million related to costs incurred to refranchise certain of our North America bottling operations.
- A net gain of $27 million related to the early extinguishment of long-term debt. Refer to Note 12.
- A net gain of $19 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Charges of $12 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- A gain of $11 million related to the refranchising of our Latin American bottling operations. Refer to Note 2.

In the fourth quarter of 2018, the Company recorded the following transactions which impacted results:

- Other-than-temporary impairment charges of $334 million related to certain of our equity method investees in the Middle East. Refer to Note 18.

- A net loss of $293 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Charges of $131 million due to the Company's productivity and reinvestment program. Refer to Note 20.

- A net loss of $120 million related to economic hedging activity associated with the purchase of Costa, which we acquired in January 2019. Refer to Note 6.

- Charges of $102 million related to pension settlements as a result of North America refranchising. Refer to Note 15.

- Charges of $97 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- A loss of $74 million related to the sale of our equity ownership in Lindley. Refer to Note 2.

- A net charge of $46 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- A net loss of $32 million related to acquiring a controlling interest in the Philippine bottling operations. Refer to Note 2.

- Charges of $22 million related to costs incurred to refranchise certain of our North America bottling operations.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2019.

Report of Management on Internal Control Over Financial Reporting and Attestation Report of Independent Registered Public Accounting Firm

The report of management on our internal control over financial reporting as of December 31, 2019 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, "Item 8. Financial Statements and Supplementary Data" in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information with respect to Directors under the subheading "Item 1 Election of Directors" under the principal heading "Governance," the information regarding the Codes of Business Conduct under the subheading "Additional Governance Matters" under the principal heading "Governance," the information under the subheading "Delinquent Section 16(a) Reports" under the principal heading "Share Ownership," and the information regarding the Audit Committee under the subheading "Board and Committee Governance" under the principal heading "Governance" in the Company's 2020 Proxy Statement is incorporated herein by reference. See Item X in Part I of this report for information regarding executive officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The information under the subheading "Director Compensation" under the principal heading "Governance" and the information under the subheadings "Compensation Discussion and Analysis,"Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," "Compensation Tables," "Payments on Termination or Change in Control" and "Pay Ratio Disclosure" under the principal heading "Compensation" and the information in "Annex B - Summary of Plans" in the Company's 2020 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" and the information under the subheading "Ownership of Equity Securities of the Company" under the principal heading "Share Ownership" in the Company's 2020 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the subheading "Director Independence and Related Person Transactions" under the principal heading
"Governance" in the Company's 2020 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors under the subheading "Item 3 Ratification of the Appointment of Ernst & Young LLP as Independent Auditors" under the principal heading "Audit Matters" in the Company's 2020 Proxy Statement is incorporated herein by reference.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements:

Consolidated Statements of Income — Years Ended December 31, 2019, 2018 and 2017.

Consolidated Statements of Comprehensive Income — Years Ended December 31, 2019, 2018 and 2017.

Consolidated Balance Sheets — December 31, 2019 and 2018.

Consolidated Statements of Cash Flows — Years Ended December 31, 2019, 2018 and 2017.

Consolidated Statements of Shareowners' Equity — Years Ended December 31, 2019, 2018 and 2017.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.

2. Financial Statement Schedules:

The schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission ("SEC") are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations, warranties, covenants and conditions by or of each of the parties to the applicable agreement. These representations, warranties, covenants and conditions have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

EXHIBIT INDEX

(With regard to applicable cross-references in the list of exhibits below, the Company's Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission ("SEC") under File No. 001-02217; and Coca-Cola Refreshments USA, Inc.'s (formerly known as Coca-Cola Enterprises Inc.) Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-09300).

3.1	Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, dated July 27, 2012 — incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.
3.2	By-Laws of the Company, as amended and restated through September 2, 2015 — incorporated herein by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on September 3, 2015.
4.1	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.
4.3	Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.4	First Supplemental Indenture, dated as of February 24, 1992, to Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.5	Second Supplemental Indenture, dated as of November 1, 2007, to Amended and Restated Indenture, dated as of April 26, 1988, as amended, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.6	Form of Note for 3.150% Notes due November 15, 2020 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 18, 2010.
4.7	Form of Note for 3.30% Notes due September 1, 2021 — incorporated herein by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.
4.8	Form of Note for 2.500% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 5, 2013.
4.9	Form of Note for 2.450% Notes due 2020 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.10	Form of Note for 3.200% Notes due 2023 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.11	Form of Note for 1.875% Notes due 2026 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-A filed on September 19, 2014.
4.12	Form of Note for 1.125% Notes due 2022 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-A filed on September 19, 2014.
4.13	Form of Note for 0.75% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.14	Form of Note for 1.125% Notes due 2027 — incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.15	Form of Note for 1.625% Notes due 2035 — incorporated herein by reference to Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.16	Form of Note for 1.875% Notes due 2020 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.17	Form of Note for 2.875% Notes due 2025 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.18	Form of Note for 2.55% Notes due 2026 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 31, 2016.
4.19	Form of Note for 1.550% Notes due 2021 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 1, 2016.
4.20	Form of Note for 2.250% Notes due 2026 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 1, 2016.

4.21	Form of Note for 1.100% Notes due 2036 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 2, 2016.
4.22	Form of Note for 0.000% Notes due 2021 — incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.23	Form of Note for 0.500% Notes due 2024 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.

4.24	Form of Note for 2.200% Notes due 2022 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.25	Form of Note for 2.900% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.26	Form of Note for 1.750% Notes due 2024 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September, 9, 2019.
4.27	Form of Note for 2.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 9, 2019.
4.28	Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated July 30, 1991.
4.29	First Supplemental Indenture, dated as of January 29, 1992, to the Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee —incorporated herein by reference to Exhibit 4.01 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated January 29, 1992.
4.30	Second Supplemental Indenture, dated as of June 22, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated June 23, 2017.
4.31	Third Supplemental Indenture, dated as of July 5, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 6, 2017.
10.1	The Coca-Cola Company Performance Incentive Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.2	The Coca-Cola Company 1999 Stock Option Plan, as amended and restated through February 20, 2013 (the "1999 Stock Option Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.2.1	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3	The Coca-Cola Company 2008 Stock Option Plan, as amended and restated, effective February 20, 2013 (the "2008 Stock Option Plan") — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.3.1	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3.2	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 19, 2014— incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.4	The Coca-Cola Company 1983 Restricted Stock Award Plan, as amended and restated through February 16, 2011 (the "1983 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2011.*
10.5	The Coca-Cola Company 1989 Restricted Stock Award Plan, as amended and restated through February 19, 2014 (the "1989 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5.1	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.2	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.3	

	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.5.4	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 20, 2013.*

10.5.5	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5.6	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.6	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.1	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.2	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.3	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.4	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.6.5	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.6	Form of Performance Share Agreement — Alternate for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.7	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.8	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.6.9	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.10	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 —incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.11	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.12	Form of Restricted Stock Unit Agreement-Retention Award for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.13	Clawback Policy for Awards under The Coca-Cola Company Performance Incentive Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.6.14	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*.
10.6.15	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.6.16	

Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*

10.6.17	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.6.18	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.6.19	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 20, 2019 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
10.7	The Coca-Cola Company Compensation Deferral & Investment Program of the Company, as amended (the "Compensation Deferral & Investment Program"), including Amendments Number One, Two, Three and Four, dated November 28, 1995 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.*
10.7.1	Amendment Number Five to the Compensation Deferral & Investment Program, effective as of January 1, 1998 — incorporated herein by reference to Exhibit 10.8.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.*
10.7.2	Amendment Number Six to the Compensation Deferral & Investment Program, dated as of January 12, 2004, effective January 1, 2004 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.*
10.8	The Coca-Cola Company Supplemental Pension Plan, Amended and Restated effective January 1, 2010 (the "Supplemental Pension Plan") — incorporated herein by reference to Exhibit 10.10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.8.1	Amendment One to The Coca-Cola Company Supplemental Pension Plan, effective December 31, 2012, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.8.2	Amendment Two to The Coca-Cola Company Supplemental Pension Plan, effective April 1, 2013, dated March 19, 2013 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*
10.8.3	Amendment Three to The Coca-Cola Company Supplemental Pension Plan, effective January 1, 2010, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.8.4	Amendment Four to The Coca-Cola Company Supplemental Pension Plan, effective June 1, 2017, dated June 29, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.8.5	Amendment Five to The Coca-Cola Company Supplemental Pension Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.9	The Coca-Cola Company Supplemental 401(k) Plan (f/k/a the Supplemental Thrift Plan of the Company), amended and restated effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.9.1	Amendment One to The Coca-Cola Company Supplemental 401(k) Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.10	The Coca-Cola Company Supplemental Cash Balance Plan, effective January 1, 2012 (the "Supplemental Cash Balance Plan") — incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.10.1	Amendment One to the Supplemental Cash Balance Plan, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.12.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.10.2	Amendment Two to the Supplemental Cash Balance Plan, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.10.3	Amendment Three to the Supplemental Cash Balance Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*

10.11	The Coca-Cola Company Directors' Plan, amended and restated on December 13, 2012, effective January 1, 2013 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*

10.11.1	The Coca-Cola Company Directors' Plan, amended and restated on February 21, 2019, effective April 24, 2019 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2019.*
10.11.2	The Coca-Cola Company Directors' Plan, amended and restated on October 17, 2019, effective January 1, 2020.*
10.12	Deferred Compensation Plan of the Company, as amended and restated December 8, 2010 — incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.*
10.12.1	Amendment Number One to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, effective January 1, 2016 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*
10.12.2	Amendment Number Two to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, dated October 24, 2016 — incorporated herein by reference to Exhibit 10.13.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.13	The Coca-Cola Export Corporation Employee Share Plan, effective as of March 13, 2002 — incorporated herein by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.*
10.14	The Coca-Cola Company Benefits Plan for Members of the Board of Directors, as amended and restated through April 14, 2004 (the "Benefits Plan for Members of the Board of Directors") — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.*
10.14.1	Amendment Number One to the Benefits Plan for Members of the Board of Directors, dated December 16, 2005 — incorporated herein by reference to Exhibit 10.31.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005.*
10.15	The Coca-Cola Company Severance Pay Plan, as Amended and Restated, Effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.15.1	Amendment One to The Coca-Cola Company Severance Pay Plan, effective January 1, 2016, dated December 16, 2015 — incorporated herein by reference to Exhibit 10.16.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.15.2	Amendment Two to The Coca-Cola Company Severance Pay Plan, effective April 1, 2017, dated March 10, 2017 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.15.3	Amendment Three to The Coca-Cola Company Severance Pay Plan, as Amended and Restated Effective January 1, 2012, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.16	Order Instituting Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 — incorporated herein by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.17	Offer of Settlement of The Coca-Cola Company — incorporated herein by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.18	Letter, dated July 17, 2008, to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2008.*
10.18.1	Letter, dated April 27, 2017, from the Company to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.19	Letter of Understanding between the Company and Ceree Eberly, dated October 26, 2009, including Agreement on Confidentiality, Non-Competition and Non-Solicitation, dated November 1, 2009 — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.19.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Ceree Eberly, dated March 15, 2017, accepted April 20, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.20	

	The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007 — incorporated herein by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.*
10.20.1	Amendment Number One to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated September 29, 2011 — incorporated herein by reference to Exhibit 10.34.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*

10.20.2	Amendment Number Two to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated November 14, 2011 — incorporated herein by reference to Exhibit 10.34.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.20.3	Amendment Number Three to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.*
10.20.4	Amendment Number Four to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated November 18, 2014 — incorporated herein by reference to Exhibit 10.21.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.21	The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2011.*
10.21.1	Amendment Number One to The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011, dated September 20, 2011 — incorporated herein by reference to Exhibit 10.35.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.21.2	Amendment Number Two to The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.*
10.22	The Coca-Cola Export Corporation Mobile Employees Retirement Plan, effective January 1, 2012 — incorporated herein by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.23	Letter Agreement, dated as of June 7, 2010, between The Coca-Cola Company and Dr Pepper/ Seven Up, Inc. — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.24	Letter, dated May 18, 2016, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.24.1	Letter, dated October 18, 2018, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.25	Letter, dated September 11, 2012, from the Company to Nathan Kalumbu — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.26	Separation Agreement between Coca-Cola Pazarlama and Nathan Kalumbu, dated July 1, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.27	Letter, dated December 16, 2013, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.*
10.27.1	Letter, dated April 29, 2015, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.27.2	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between The Coca-Cola Company and Irial Finan, dated December 7, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2017.*
10.28	Letter, dated April 24, 2014, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2014.*
10.28.1	Letter, dated March 22, 2017, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.28.2	

	Letter, dated October 17, 2018, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.29	Letter, dated October 15, 2014, from the Company to Atul Singh — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.30	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between Coca-Cola India, Inc. and Atul Singh, dated effective July 29, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.*
10.31	Letter, dated December 16, 2014, from the Company to Marcos de Quinto — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.31.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Marcos de Quinto, dated March 20, 2017 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 24, 2017.*

10.32	Letter, dated February 19, 2015, from the Company to Ed Hays — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2015.*
10.33	Letter, dated February 18, 2016, from the Company to Julie Hamilton — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*
10.34	Letter, dated August 12, 2015, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 13, 2015.*
10.34.1	Letter, dated April 27, 2017, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.35	Letter, dated October 14, 2015, from the Company to Bernhard Goepelt — incorporated herein by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.35.1	Letter, dated December 13, 2019, from the Company to Bernhard Goepelt.*
10.36	Letter, dated February 17, 2016, from the Company to Charles Brent Hastie — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2016.*
10.37	Letter, dated May 18, 2016, from the Company to Mario Alfredo Rivera Garcia — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2016.*
10.38	Letter, dated October 19, 2016, from the Company to Barry Simpson — incorporated herein by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.39	Letter, dated October 26, 2016, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.39.1	Letter, dated October 18, 2018, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.40	Letter, dated March 22, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.40.1	Deferred Cash Agreement, dated December 7, 2016, between Servicios Integrados de Administracion y Alta Gerencia, Sociedad de Responsabilidad Limitada de Capital Variable and Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.47.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.40.2	Letter, dated June 5, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.40.3	Letter, dated February 14, 2018, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.40.4	Letter, dated November 18, 2019, from the Company to Francisco Xavier Crespo Benitez.*
10.41	Letter, dated March 22, 2017, from the Company to Beatriz R. Perez — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.42	Letter, dated March 22, 2017, from the Company to Jennifer K. Mann — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.42.1	Letter, dated December 11, 2019, from the Company to Jennifer K. Mann.*
10.43	Letter, dated March 24, 2017, from the Company to Robert E. Long — incorporated herein by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.44	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Clyde Tuggle dated March 13,

	2017, accepted April 24, 2017 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.45	Letter, dated April 27, 2017, from the Company to Mark Randazza — incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.46	Letter, dated October 23, 2017, from the Company to James Dinkins — incorporated herein by reference to Exhibit 10.53 to the Company's Current Report on Form 10-K for the year ended December 31, 2017.*
10.47	Letter, dated October 17, 2018, from the Company to Manuel Arroyo — incorporated herein by reference to Exhibit 10.54 to the Company's Current Report on Form 10-K for the year ended December 31, 2018.*
10.48	Letter, dated October 17, 2018, from the Company to Nikolaos Koumettis, as further supplemented by Letter, dated February 1, 2019 — incorporated herein by reference to Exhibit 10.55 to the Company's Current Report on Form 10-K for the year ended December 31, 2018.*

10.49	Letter, dated October 18, 2018, from the Company to Nancy Quan — incorporated herein by reference to Exhibit 10.56 to the Company's Current Report on Form 10-K for the year ended December 31, 2018.*
10.50	Letter, dated February 14, 2019, from the Company to Lisa Chang — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2019.*
21.1	List of subsidiaries of the Company as of December 31, 2019.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney of Officers and Directors signing this report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by James R. Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
32.1	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 James R. Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company, and by John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
101	The following financial information from The Coca-Cola Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended December 31, 2019, 2018 and 2017, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017, (iii) Consolidated Balance Sheets as of December 31, 2019 and 2018, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017, (v) Consolidated Statements of Shareowners' Equity for the years ended December 31, 2019, 2018 and 2017 and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the iXBRL document).

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

Signatures

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

THE COCA-COLA COMPANY
(Registrant)

By: /s/ JAMES QUINCEY

James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer

Date: February 24, 2020

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

/s/ JAMES QUINCEY	/s/ JOHN MURPHY
James R. Quincey Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	John Murphy Executive Vice President and Chief Financial Officer (Principal Financial Officer)
February 24, 2020	February 24, 2020
/s/ LARRY M. MARK	/s/ MARK RANDAZZA
Larry M. Mark Vice President and Controller (On behalf of the Registrant)	Mark Randazza Vice President, Assistant Controller and Chief Accounting Officer (Principal Accounting Officer)
February 24, 2020	February 24, 2020
*	*
Herbert A. Allen Director	Ana Botín Director
February 24, 2020	February 24, 2020
*	*
Ronald W. Allen Director	Christopher C. Davis Director
February 24, 2020	February 24, 2020
*	*
Marc Bolland Director	Barry Diller Director
February 24, 2020	February 24, 2020

*	*
Helene D. Gayle Director February 24, 2020	Maria Elena Lagomasino Director February 24, 2020
*	*
Alexis M. Herman Director February 24, 2020	Caroline J. Tsay Director February 24, 2020
*	*
Robert A. Kotick Director February 24, 2020	David B. Weinberg Director February 24, 2020

*By: /s/ JENNIFER MANNING

Jennifer Manning
Attorney-in-fact

February 24, 2020

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

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 Number 001-02217

cocacola24.jpg

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**58-0628465** (I.R.S. Employer Identification No.)
One Coca-Cola Plaza, Atlanta, Georgia (Address of principal executive offices)	**30313** (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.25 Par Value	**New York Stock Exchange**
Floating Rate Notes Due 2019	**New York Stock Exchange**

Floating Rate Notes Due 2019	**New York Stock Exchange**
0.000% Notes Due 2021	**New York Stock Exchange**
1.125% Notes Due 2022	**New York Stock Exchange**
0.75% Notes Due 2023	**New York Stock Exchange**
0.500% Notes Due 2024	**New York Stock Exchange**
1.875% Notes Due 2026	**New York Stock Exchange**
1.125% Notes Due 2027	**New York Stock Exchange**
1.625% Notes Due 2035	**New York Stock Exchange**
1.100% Notes Due 2036	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and Directors are "affiliates" of the Registrant) as of June 29, 2018, the last business day of the Registrant's most recently completed second fiscal quarter, was $184,986,760,847 (based on the closing sale price of the Registrant's Common Stock on that date as reported on the New York Stock Exchange).

The number of shares outstanding of the Registrant's Common Stock as of February 15, 2019, was 4,275,340,031.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the Annual Meeting of Shareowners to be held on April 24, 2019, are incorporated by reference in Part III.

THE COCA-COLA COMPANY AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that 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 views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause our Company's actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, "Item 1A. Risk Factors" and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission.

PART I

ITEM 1. BUSINESS

In this report, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

General

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for more than 1.9 billion of the approximately 61 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our objective is to use our Company's assets — our brands, financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of our management and associates — to become more competitive and to accelerate growth in a manner that creates value for our shareowners.

We were incorporated in September 1919 under the laws of the State of Delaware and succeeded to the business of a Georgia corporation with the same name that had been organized in 1892.

Operating Segments

The Company's operating structure is the basis for our internal financial reporting. As of December 31, 2018, our operating structure included the following operating segments, which are sometimes referred to as "operating groups" or "groups":

- Europe, Middle East and Africa
- Latin America
- North America
- Asia Pacific
- Bottling Investments

Our operating structure as of December 31, 2018 also included Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

In January 2019, we established a new operating segment, Global Ventures, which includes the results of Costa Limited ("Costa"), which we acquired on January 3, 2019, and the results of our innocent and Doğadan businesses as well as fees earned pursuant to distribution coordination agreements between the Company and Monster Beverage Corporation ("Monster"). Refer to Note 22 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report for information regarding the Costa acquisition.

Except to the extent that differences among operating segments are material to an understanding of our business taken as a whole, the description of our business in this report is presented on a consolidated basis.

Products and Brands

As used in this report:

- "concentrates" means flavoring ingredients and, depending on the product, sweeteners used to prepare syrups or finished beverages and includes powders or minerals for purified water products;

- "syrups" means beverage ingredients produced by combining concentrates and, depending on the product, sweeteners and added water;

- "fountain syrups" means syrups that are sold to fountain retailers, such as restaurants and convenience stores, which use dispensing equipment to mix the syrups with sparkling or still water at the time of purchase to produce finished beverages that are served in cups or glasses for immediate consumption;

- "Company Trademark Beverages" means beverages bearing our trademarks and certain other beverage products bearing trademarks licensed to us by third parties for which we provide marketing support and from the sale of which we derive economic benefit; and

- "Trademark Coca-Cola Beverages" or "Trademark Coca-Cola" means beverages bearing the trademark Coca-Cola or any trademark that includes Coca-Cola or Coke (that is, Coca-Cola, Coca-Cola Life, Diet Coke/Coca-Cola Light and Coca-Cola Zero Sugar and all their variations and any line extensions, including caffeine free Diet Coke, Cherry Coke, etc.). Likewise, when we use the capitalized word "Trademark" together with the name of one of our other beverage products (such as "Trademark Fanta," "Trademark Sprite" or "Trademark Simply"), we mean beverages bearing the indicated trademark (that is, Fanta, Sprite or Simply, respectively) and all its variations and line extensions (such that "Trademark Fanta" includes Fanta Orange, Fanta Zero Orange, Fanta Apple, etc.; "Trademark Sprite" includes Sprite, Diet Sprite, Sprite Zero, Sprite Light, etc.; and "Trademark Simply" includes Simply Orange, Simply Apple, Simply Grapefruit, etc.).

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our domestic and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine the concentrates with sweeteners (depending on the product), still water and/or sparkling water, or combine the syrups with sparkling water to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers. These operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners, who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

For information regarding net operating revenues and unit case volume related to our concentrate operations and finished product operations, refer to the heading "Our Business — General" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, which is incorporated herein by reference.

For information regarding how we measure the volume of Company beverage products sold by the Company and our bottling partners ("Coca-Cola system"), refer to the heading "Operations Review — Beverage Volume" set forth in

Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, which is incorporated herein by reference.

We own and market numerous valuable nonalcoholic beverage brands, including the following:

- **sparkling soft drinks**: Coca-Cola, Diet Coke/Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Schweppes,* Sprite, Thums Up;
- **water, enhanced water and sports drinks**: Aquarius, Dasani, glacéau smartwater, glacéau vitaminwater, Ice Dew, I LOHAS, Powerade;
- **juice, dairy and plant-based beverages**: AdeS, Del Valle, innocent, Minute Maid, Minute Maid Pulpy, Simply, ZICO; and
- **tea and coffee**: Ayataka, Costa, FUZE TEA, Georgia, Gold Peak, HONEST TEA.

* Schweppes is owned by the Company in certain countries other than the United States.

In addition to the beverage brands we own, we also provide marketing support and otherwise participate in the sales of other nonalcoholic beverage brands through licenses, joint ventures and strategic partnerships, including, but not limited to, the following:

- Certain Coca-Cola system bottlers distribute certain brands of Monster, primarily Monster Energy, in designated territories in the United States, Canada and other international territories pursuant to distribution coordination agreements between the Company and Monster and related distribution agreements between Monster and Coca-Cola system bottlers.

- We have a strategic partnership with Aujan Industries Company J.S.C. ("Aujan"), one of the largest independent beverage companies in the Middle East. We own 50 percent of the entity that holds the rights in certain territories to brands produced and distributed by Aujan, including Rani, a juice brand, and Barbican, a flavored malt beverage brand.

- We and certain of our bottling partners distribute products of fairlife, LLC ("fairlife"), our joint venture with Select Milk Producers, Inc., a dairy cooperative, including fairlife ultra-filtered milk and Core Power, a high-protein milk shake, in the United States and Canada.

Consumer demand determines the optimal menu of Company product offerings. Consumer demand can vary from one market to another and can change over time within a single market. Employing our business strategy, our Company seeks to further build its existing brands and, at the same time, to broaden its portfolio of brands, products and services in order to create and satisfy consumer demand in every market.

Distribution System

We make our branded beverage products available to consumers in more than 200 countries and territories through our network of independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest beverage distribution system. Consumers enjoy finished beverage products bearing trademarks owned by or licensed to us at a rate of more than 1.9 billion servings each day. We continue to expand our marketing presence in an effort to increase our unit case volume and net operating revenues in developed, developing and emerging markets. Our strong and stable bottling and distribution system helps us to capture growth by manufacturing, distributing and selling existing, enhanced and new innovative products to our consumers throughout the world.

The Coca-Cola system sold 29.6 billion, 29.2 billion and 29.3 billion unit cases of our products in 2018, 2017 and 2016, respectively. Sparkling soft drinks represented 69 percent of our worldwide unit case volume for each of 2018, 2017 and 2016. Trademark Coca-Cola accounted for 45 percent of our worldwide unit case volume for each of 2018, 2017 and 2016.

In 2018, unit case volume in the United States represented 18 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 62 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume.

Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume for 2018. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and Japan, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit

case volume, 70 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 46 percent of non-U.S. unit case volume.

Our five largest independent bottling partners based on unit case volume in 2018 were:

- Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), which has bottling and distribution operations in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (nationwide), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul, the

state of Paraná, the state of Santa Catarina, part of the state of Rio Grande do Sul, part of the state of Goiás, part of the state of Rio de Janeiro and part of the state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and Uruguay (nationwide);

- Coca-Cola European Partners plc ("CCEP"), which has bottling and distribution operations in Andorra, Belgium, continental France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden;

- Coca-Cola HBC AG ("Coca-Cola Hellenic"), which has bottling and distribution operations in Armenia, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia, Greece, Hungary, Italy, Latvia, Lithuania, Moldova, Montenegro, Nigeria, Northern Ireland, Poland, Republic of Ireland, Romania, the Russian Federation, Serbia, Slovakia, Slovenia, Switzerland and Ukraine;

- Arca Continental, S.A.B. de C.V., which has bottling and distribution operations in northern and western Mexico, northern Argentina, Ecuador, Peru, and the state of Texas and parts of the states of New Mexico, Oklahoma and Arkansas in the United States; and

- Swire Beverages, which has bottling and distribution operations in 11 provinces and the Shanghai Municipality in the eastern and southern areas of mainland China, Hong Kong, Taiwan, and territories in 13 states in the western United States.

In 2018, these five bottling partners combined represented 40 percent of our total unit case volume.

Being a bottler does not create a legal partnership or joint venture between us and our bottlers. Our bottlers are independent contractors and are not our agents.

Bottler's Agreements

We have separate contracts, to which we generally refer as "bottler's agreements," with our bottling partners regarding the manufacture and sale of Company products. Subject to specified terms and conditions and certain variations, the bottler's agreements generally authorize the bottlers to prepare, package, distribute and sell Company Trademark Beverages in authorized containers in (but, subject to applicable local law, generally only in) an identified territory. The bottler is obligated to purchase its entire requirement of concentrates or syrups for the designated Company Trademark Beverages from the Company or Company-authorized suppliers. We typically agree to refrain from selling or distributing, or from authorizing third parties to sell or distribute, the designated Company Trademark Beverages throughout the identified territory in the particular authorized containers; however, we typically reserve for ourselves or our designee the right (1) to prepare and package such Company Trademark Beverages in such containers in the territory for sale outside the territory; (2) to prepare, package, distribute and sell such Company Trademark Beverages in the territory in any other manner or form (territorial restrictions on bottlers vary in some cases in accordance with local law); and (3) to handle certain key accounts (accounts that cover multiple territories).

While under most of our bottler's agreements we generally have complete flexibility to determine the price and other terms of sale of the concentrates and syrups we sell to our bottlers, as a practical matter, our Company's ability to exercise its contractual flexibility to determine the price and other terms of sale of concentrates and syrups is subject, both outside and within the United States, to competitive market conditions. In addition, in some instances we have agreed or may in the future agree with a bottler with respect to concentrate pricing on a prospective basis for specified time periods. Also, in some markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we worked with our bottling partners to develop and implement an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products are sold and package mix.

As further discussed below, our bottler's agreements for territories outside the United States differ in some respects from our bottler's agreements for territories within the United States.

Bottler's Agreements Outside the United States

Bottler's agreements between us and our authorized bottlers outside the United States generally are of stated duration, subject in some cases to possible extensions or renewals. Generally, these bottler's agreements are subject to termination by the Company following the occurrence of certain designated events, including defined events of default and certain changes in ownership or control of the bottlers. Most of the bottler's agreements in force between

us and bottlers outside the United States authorize the bottlers to manufacture and distribute fountain syrups, usually on a nonexclusive basis.

In certain parts of the world outside the United States, we have not granted comprehensive beverage production and distribution rights to the bottlers. In such instances, we have authorized certain bottlers to (1) manufacture Company Trademark

Beverages for sale to other bottlers or (2) purchase Company Trademark Beverages from other bottlers for sale and distribution throughout their respective designated territories, often on a nonexclusive basis.

Bottler's Agreements Within the United States

In the United States, most bottlers operate under a "comprehensive beverage agreement" ("CBA") that is of stated duration, subject in most cases to renewal rights of bottlers and in some cases to renewal rights of the Company. Certain bottlers continue to operate under legacy bottler's agreements with no stated expiration date for Trademark Coca-Cola Beverages and other cola-flavored beverages. The bottler's agreements in the United States are subject to termination by the Company for nonperformance or upon the occurrence of certain defined events of default that may vary from contract to contract.

Certain U.S. bottlers, which were granted certain additional exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage products (as defined by the CBAs) in connection with the refranchising of bottler territories that had previously been managed by Coca-Cola Refreshments ("CCR"), operate under "expanding bottler CBAs," under which the Company generally retained the rights to produce the applicable beverage products for territories not covered by specific manufacturing agreements and such bottlers purchase from the Company (or from Company-authorized manufacturing bottlers) substantially all of the finished beverage products needed in order to service the customers in these territories. The expanding bottler CBA has a term of 10 years and is renewable, in most cases by the bottler, and in some cases by the Company, indefinitely for successive additional terms of 10 years each and includes additional requirements that provide for, among other things, a binding national governance model, mandatory incidence pricing and certain core performance requirements. The Company also entered into manufacturing agreements that authorize certain expanding bottlers that have executed expanding bottler CBAs to manufacture certain beverage products for their own account and for supply to other bottlers. In addition, certain U.S. bottlers that were not granted additional exclusive territory rights converted or agreed to convert their legacy bottler's agreements to a form of CBA to which we sometimes refer as "non-expanding bottler CBA." This form of CBA has a term of 10 years and is renewable by the bottler indefinitely for successive additional terms of 10 years each and is substantially similar in most material respects to the expanding bottler CBA, including with respect to requirements for a binding national governance model and mandatory incidence pricing, but includes core performance requirements that vary in certain respects from those in the expanding bottler CBA.

Those bottlers that have not signed a CBA continue to operate under legacy bottler's agreements that include pricing formulas that generally provide for a baseline price for certain Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. This baseline price may be adjusted periodically by the Company, up to a maximum indexed ceiling price, and is adjusted quarterly based upon changes in certain sugar or sweetener prices, as applicable. The U.S. unit case volume manufactured, sold and distributed under these legacy bottler's agreements is not material.

Under the terms of the bottler's agreements, bottlers in the United States generally are not authorized to manufacture fountain syrups. Rather, the Company manufactures and sells fountain syrups to authorized fountain wholesalers (including certain authorized bottlers) and some fountain retailers. These wholesalers in turn sell the syrups or deliver them on our behalf to restaurants and other retailers.

Promotions and Marketing Programs

In addition to conducting our own independent advertising and marketing activities, we may provide promotional and marketing support and/or funds to our bottlers. In most cases, we do this on a discretionary basis under the terms of commitment letters or agreements, even though we are not obligated to do so under the terms of the bottler's or distribution agreements between our Company and the bottlers. Also, on a discretionary basis in most cases, our Company may develop and introduce new products, packages and equipment to assist the bottlers. Likewise, in many instances, we provide promotional and marketing services and/or funds and/or dispensing equipment and repair services to fountain and bottle/can retailers, typically pursuant to marketing agreements. The aggregate amount provided by our Company to bottlers, resellers or other customers of our Company's products, principally for participation in promotional and marketing programs, was $4.3 billion in 2018.

Investments in Bottling Operations

Most of our branded beverage products are manufactured, sold and distributed by independent bottling partners. However, from time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. Owning such a controlling interest enables us to compensate for limited local resources; help focus the bottler's sales and marketing programs; assist in the development of the bottler's business and information systems; and establish an appropriate capital structure for the bottler. In line with our long-term bottling strategy, we may periodically consider options for divesting or

reducing our ownership interest in a Company-owned or -controlled bottler, typically by selling our interest in a particular bottling operation to an independent bottler to improve Coca-Cola system efficiency. When we sell our interest in a bottling operation to one of our other bottling partners in which we have an equity

method investment, our Company continues to participate in the bottler's results of operations through our share of the equity method investee's earnings or losses.

In addition, from time to time we make equity investments representing noncontrolling interests in selected bottling operations with the intention of maximizing the strength and efficiency of the Coca-Cola system's production, marketing, sales and distribution capabilities around the world by providing expertise and resources to strengthen those businesses. These investments are intended to result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased sales for our Company's concentrate business. When our equity investment provides us with the ability to exercise significant influence over the investee bottler's operating and financial policies, we account for the investment under the equity method, and we sometimes refer to such a bottler as an "equity method investee bottler" or "equity method investee."

Seasonality

Sales of our nonalcoholic ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

Competition

The nonalcoholic beverage segment of the commercial beverage industry is highly competitive, consisting of numerous companies ranging from small or emerging to very large and well established. These include companies that, like our Company, compete in multiple geographic areas, as well as businesses that are primarily regional or local in operation. Competitive products include numerous nonalcoholic sparkling soft drinks; various water products, including flavored and enhanced waters; juices and nectars; fruit drinks and dilutables (including syrups and powdered drinks); coffees and teas; energy, sports and other performance-enhancing drinks; milk and other dairy-based drinks; functional beverages, including vitamin-based products and relaxation beverages; and various other nonalcoholic beverages. These competitive beverages are sold to consumers in both ready-to-drink and other than ready-to-drink form. In many of the countries in which we do business, including the United States, PepsiCo, Inc., is one of our primary competitors. Other significant competitors include, but are not limited to, Nestlé S.A., Keurig Dr Pepper Inc., Groupe Danone, Mondelēz International, Inc., The Kraft Heinz Company, Suntory Beverage & Food Limited and Unilever. We also compete against numerous regional and local companies and, increasingly, against smaller companies that are developing micro brands and selling them directly to consumers through e-commerce retailers and other e-commerce platforms. In addition, in some markets, we compete against retailers that have developed their own store or private label beverage brands.

Competitive factors impacting our business include, but are not limited to, pricing, advertising, sales promotion programs, in-store displays and point-of-sale marketing, product and ingredient innovation, increased efficiency in production techniques, the introduction of new packaging, new vending and dispensing equipment, contracting with marketing assets (theaters, sports arenas, universities, etc.) and brand and trademark development and protection.

Our competitive strengths include leading brands with high levels of consumer acceptance; a worldwide network of bottlers and distributors of Company products; sophisticated marketing capabilities; and a talented group of dedicated associates. Our competitive challenges include strong competition in all geographic regions and, in many countries, a concentrated retail sector with powerful buyers able to freely choose among Company products, products of competitive beverage suppliers and individual retailers' own store or private label beverage brands.

Raw Materials

Water is a main ingredient in substantially all of our products. While historically we have not experienced significant water supply difficulties, water is a limited natural resource in many parts of the world, and our Company recognizes water availability, quality and sustainability, for both our operations and also the communities where we operate, as one of the key challenges facing our business.

In addition to water, the principal raw materials used in our business are nutritive and non-nutritive sweeteners. In the United States, the principal nutritive sweetener is high fructose corn syrup ("HFCS"), which is nutritionally equivalent to sugar. HFCS is available from numerous domestic sources and has historically been subject to fluctuations in its market price. The principal nutritive sweetener used by our business outside the United States is sucrose, i.e., table sugar, which is also available from numerous sources and has historically been subject to fluctuations in its market price. Our Company generally has not experienced any difficulties in obtaining its requirements for nutritive sweeteners. In the United States, we purchase HFCS to meet our and our bottlers' requirements with the assistance of Coca-Cola Bottlers' Sales & Services Company LLC ("CCBSS"). CCBSS is a limited liability company that is owned by authorized Coca-Cola bottlers doing business in the United States. Among

other things, CCBSS provides procurement services to our Company and to our bottling partners for the purchase of various goods and services in the United States, including HFCS.

The principal non-nutritive sweeteners we use in our business are aspartame, acesulfame potassium, sucralose, saccharin, cyclamate and steviol glycosides. Generally, these raw materials are readily available from numerous sources. We purchase

sucralose, which we consider a critical raw material, from suppliers in the United States and China. Our Company generally has not experienced major difficulties in obtaining its requirements for non-nutritive sweeteners, and we do not anticipate such difficulties in the future.

Juice and juice concentrate from various fruits, particularly orange juice and orange juice concentrate, are the principal raw materials for our juice and juice drink products. We source our orange juice and orange juice concentrate primarily from Florida and the Southern Hemisphere (particularly Brazil). We work closely with Cutrale Citrus Juices U.S.A., Inc., our primary supplier of orange juice from Florida and Brazil, to ensure an adequate supply of orange juice and orange juice concentrate that meets our Company's standards. However, the citrus industry is impacted by greening disease and the variability of weather conditions. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of trees and increasing grower costs and prices.

Our Company-owned or consolidated bottling operations and our finished product business also purchase various other raw materials including, but not limited to, polyethylene terephthalate ("PET") resin, preforms and bottles; glass and aluminum bottles; aluminum and steel cans; plastic closures; aseptic fiber packaging; labels; cartons; cases; postmix packaging; and carbon dioxide. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

Patents, Copyrights, Trade Secrets and Trademarks

Our Company owns numerous patents, copyrights and trade secrets and other know-how and technology, which we collectively refer to in this report as "technology." This technology generally relates to beverage products and the processes for their production; packages and packaging materials; design and operation of processes and equipment useful for our business; and certain software. Some of the technology is licensed to suppliers and other parties. Trade secrets are an important aspect of our technology, and our sparkling beverage and other beverage formulae are among the important trade secrets of our Company.

We own numerous trademarks that are very important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained. Pursuant to our bottler's agreements, we authorize our bottlers to use applicable Company trademarks in connection with their manufacture, sale and distribution of Company products. In addition, we grant licenses to third parties from time to time to use certain of our trademarks in conjunction with certain merchandise and food products.

Governmental Regulation

Our Company is required to comply, and it is our policy to comply, with all applicable laws in the numerous countries throughout the world in which we do business. In many jurisdictions, compliance with competition laws is of special importance to us, and our operations may come under special scrutiny by competition law authorities due to our competitive position in those jurisdictions.

In the United States, the safety, production, transportation, distribution, advertising, labeling and sale of our Company's products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Federal Trade Commission Act; the Lanham Act; state consumer protection laws; competition laws; federal, state and local workplace health and safety laws; various federal, state and local environmental protection laws; privacy and personal data protection laws; and various other federal, state and local statutes and regulations. Outside the United States, our business is subject to numerous similar statutes and regulations, as well as other legal and regulatory requirements.

Under a California law known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance. The state maintains lists of these substances and periodically adds other substances to these lists. Proposition 65 exposes all food and beverage producers to the possibility of having to provide warnings on their products in California because it does not provide for any generally applicable quantitative threshold below which the presence of a listed substance is exempt from the warning requirement. Consequently, the detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a "safe harbor" threshold that may be established;
- naturally occurring;

- the result of necessary cooking; or
- subject to another applicable exemption.

One or more substances that are currently on the Proposition 65 lists, or that may be added in the future, can be detected in certain Company products at low levels that are safe. With respect to substances that have not yet been listed under Proposition 65, the Company takes the position that listing is not scientifically justified. With respect to substances that are already listed, the Company takes the position that the presence of each such substance in Company products is subject to an applicable exemption from the warning requirement or that the product is otherwise in compliance with Proposition 65. The state of California and other parties, however, have in the past taken a contrary position and may do so in the future.

Bottlers of our beverage products presently offer and use nonrefillable recyclable containers in the United States and various other markets around the world. Some of these bottlers also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. The precise requirements imposed by these measures vary. Other types of statutes and regulations relating to beverage container deposits, recycling, ecotaxes and/or product stewardship also apply in various jurisdictions in the United States and overseas. We anticipate that additional such legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere.

All of our Company's facilities and other operations in the United States and elsewhere around the world are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. Our policy is to comply with all such legal requirements. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect on our Company's capital expenditures, net income or competitive position.

Employees

As of December 31, 2018 and 2017, our Company had approximately 62,600 and 61,800 employees, respectively, of which approximately 11,400 and 12,400, respectively, were located in the United States. Our Company, through its divisions and subsidiaries, is a party to numerous collective bargaining agreements. As of December 31, 2018, approximately 900 employees in North America were covered by collective bargaining agreements. These agreements have terms of three years to five years. We currently anticipate that we will be able to renegotiate such agreements on satisfactory terms when they expire.

The Company believes that its relations with its employees are generally satisfactory.

Available Information

The Company maintains a website at the following address: www.coca-colacompany.com. The information on the Company's website is not incorporated by reference in this Annual Report on Form 10-K. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission ("SEC") in accordance with the Securities Exchange Act of 1934, as amended ("Exchange Act"). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at the following address: http://www.sec.gov.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

Obesity and other health-related concerns may reduce demand for some of our products.

There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. Increasing public concern about obesity; other health-related public concerns surrounding consumption of sugar-sweetened beverages; possible new or increased taxes on sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; additional governmental regulations concerning the marketing, labeling, packaging or sale of our sugar-sweetened beverages; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the

marketing, labeling or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, our sugar-sweetened beverages, which could adversely affect our profitability.

If we do not address evolving consumer product and shopping preferences, our business could suffer.

Consumer product preferences have evolved and continue to evolve as a result of, among other things, health, wellness and nutrition considerations, including concerns regarding caloric intake associated with sugar-sweetened beverages and the perceived undesirability of artificial ingredients; shifting consumer demographics; changes in consumer tastes and needs coupled with a rapid expansion of beverage options; changes in consumer lifestyles; concerns regarding location of origin or source of ingredients and raw materials and the environmental and sustainability impact of the product manufacturing process; consumer emphasis on transparency related to our products and packaging; and competitive product and pricing pressures. In addition, in many of our markets, shopping patterns are being affected by the digital evolution, with consumers rapidly embracing shopping by way of mobile device applications, e-commerce retailers and e-commerce websites or platforms. If we fail to address past changes in consumer product and shopping preferences, or do not successfully anticipate and prepare for future changes in such preferences, our share of sales, revenue growth and overall financial results could be negatively affected.

Increased competition could hurt our business.

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. For additional information regarding the competitive environment in which we operate, including the names of certain of our significant competitors, refer to the heading "Competition" set forth in Part I, "Item 1. Business" of this report. Our ability to gain or maintain share of sales in the global market or in various local markets may be limited as a result of actions by competitors. Competitive pressures may cause us and our bottling partners to reduce prices we charge customers or may restrict our and our bottlers' ability to increase such prices in response to commodity and other cost increases. Such pressures may also increase marketing costs and in-store placement and slotting fees. In addition, the rapid growth of e-commerce may create additional consumer price deflation by, among other things, facilitating comparison shopping. If we do not continuously strengthen our capabilities in marketing and innovation to maintain our brand loyalty and market share while we selectively expand into other profitable categories in the nonalcoholic beverage segment of the commercial beverage industry, our business could be negatively affected.

Water scarcity and poor quality could negatively impact the Coca-Cola system's costs and capacity.

Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution, poor management, sociopolitical tensions due to lack of public infrastructure in certain areas of the world and the effects of climate change. As the demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, the Coca-Cola system may incur higher costs or face capacity constraints and the possibility of reputational damage, which could adversely affect our profitability or net operating revenues in the long run.

Increased demand for food products and decreased agricultural productivity may negatively affect our business.

We and our bottling partners use in the manufacture of our beverage products a number of key ingredients that are derived from agricultural commodities such as sugarcane, corn, sugar beets, citrus, coffee and tea. Increased demand for food products and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns and other factors may limit the availability or increase the cost of such agricultural commodities and could impact the food security of communities around the world. If we are unable to implement programs focused on economic opportunity and environmental sustainability to address these agricultural challenges and fail to make a strategic impact on food security through joint efforts with bottlers, farmers, communities, suppliers and key partners, as well as through our increased and continued investment in sustainable agriculture, our ability to source raw materials for use in our manufacturing processes and the affordability of our products and ultimately our business and results of operations could be negatively impacted.

Product safety and quality concerns could negatively affect our business.

Our success depends in large part on our ability to maintain consumer confidence in the safety and quality of all of our products. We have rigorous product safety and quality standards, which we expect our operations as well as our bottling partners to meet. However, despite our strong commitment to product safety and quality, we or our bottling partners may not always meet these standards, particularly as we expand our product offerings through innovation or acquisitions into beverage categories, such as value-added dairy and plant-based beverages, that are beyond our traditional range of beverage products. If we or our bottling partners fail to comply with applicable product safety and quality standards, or if our beverage products taken to the market are or become contaminated or adulterated by

any means, we may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause our business to suffer.

Public debate and concern about perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials, may reduce demand for our beverage products.

Public debate and concern about perceived negative health consequences of certain ingredients in our beverage products, such as non-nutritive sweeteners and biotechnology-derived substances; substances that are present in our beverage products naturally or that occur as a result of the manufacturing process, such as 4-methylimidazole ("4-MEI," a chemical compound that is formed during the manufacturing of certain types of caramel coloring used in cola-type beverages); or substances used in packaging materials, such as bisphenol A ("BPA," an odorless, tasteless food-grade chemical commonly used in the food and beverage industries as a component in the coating of the interior of cans), may affect consumers' preferences and cause them to shift away from some of our beverage products. In addition, increasing public concern about actual or perceived health consequences of the presence of such ingredients or substances in our beverage products or in packaging materials, whether or not justified, could result in additional governmental regulations concerning the marketing, labeling or sale of our beverages; possible new or increased taxes on our beverages by government entities; and negative publicity, or actual or threatened legal actions against us or other companies in our industry, all of which could damage the reputation of, and may reduce demand for, our beverage products.

If we are not successful in our innovation activities, our financial results may be negatively affected.

Achieving our business growth objectives depends in part on our ability to evolve and improve our existing beverage products through innovation and to successfully develop, introduce and market new beverage products. The success of our innovation activities in turn depends on our ability to correctly anticipate customer and consumer acceptance and trends; obtain, maintain and enforce necessary intellectual property protections; and avoid infringing on the intellectual property rights of others. If we are not successful in our innovation activities, we may not be able to achieve our growth objectives, which may have a negative impact on our financial results.

If we are unable to protect our information systems against service interruption, misappropriation of data or breaches of security, our operations could be disrupted, we may suffer financial losses and our reputation may be damaged.

We rely on networks and information systems and other technology ("information systems"), including the Internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing and collection of payments, employee processes, consumer marketing, mergers and acquisitions and research and development. We use information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting and legal and tax requirements. In addition, we depend on information systems for digital marketing activities and electronic communications among our locations around the world and between Company personnel and our bottlers and other customers, suppliers and consumers. Because information systems are critical to many of the Company's operating activities, our business may be impacted by system shutdowns, service disruptions or security breaches. These incidents may be caused by failures during routine operations such as system upgrades or by user errors, as well as network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyberattacks by common hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. In addition, such incidents could result in unauthorized or accidental disclosure of material confidential information or regulated individual personal data. If our information systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, and we may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments for concentrate or finished products. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, falsification or unavailability of, information could result in violations of data privacy laws and regulations, damage to the reputation and credibility of the Company, loss of opportunities to acquire or divest of businesses or brands and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us, our current or former employees, our bottling partners, other customers or suppliers, or consumers or other data subjects, and may become exposed to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems.

Like most major corporations, the Company's information systems are a target of attacks. In addition, third-party providers of data hosting or cloud services, as well as our bottling partners, distributors, joint venture partners or

suppliers, may experience cybersecurity incidents that may involve data we share with them. Although the incidents that we have experienced to date have not had a material effect on our business, financial condition or results of operations, there can be no assurance that such incidents will not have a material adverse effect on us in the future. In order to address risks to our information systems, we continue to make investments in personnel, technologies, cyber insurance and training of Company personnel. The Company

maintains an information risk management program which is supervised by information technology management and reviewed by a cross-functional committee. As part of this program, reports that include analysis of emerging risks as well as the Company's plans and strategies to address them are regularly prepared and presented to senior management and the Audit Committee of the Board of Directors.

If we fail to comply with personal data protection laws, we could be subject to adverse publicity, government enforcement actions and/or private litigation, which could negatively affect our business and operating results.

In the ordinary course of our business, we receive, process, transmit and store information relating to identifiable individuals ("personal data"), primarily employees and former employees. As a result, we are subject to various U.S. federal and state and foreign laws and regulations relating to personal data. These laws have been subject to frequent changes, and new legislation in this area may be enacted in other jurisdictions at any time. In the European Union ("EU"), the General Data Protection Regulation ("GDPR") became effective on May 25, 2018 for all member states. The GDPR includes operational requirements for companies receiving or processing personal data of EU residents that are partially different from those that had previously been in place and includes significant penalties for noncompliance. The changes introduced by the GDPR, as well as any other changes to existing personal data protection laws and the introduction of such laws in other jurisdictions, have subjected and may continue in the future to subject the Company to, among other things, additional costs and expenses and have required and may in the future require costly changes to our business practices and security systems, policies, procedures and practices. There is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of the GDPR and/or of other personal data protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect our business and operating results.

If we are not successful in our efforts to digitize the Coca-Cola system, our financial performance will be negatively affected.

The digital evolution is affecting how we interact with consumers, customers, suppliers, bottlers and other business partners and stakeholders. We believe that our future success will depend in part on our ability to adapt to and thrive in the digital environment. Therefore, one of our top priorities is to digitize the Coca-Cola system by, among other things, creating more relevant and more personalized experiences wherever our system interacts with consumers, whether in a digital environment or through digital devices in an otherwise physical environment; finding ways to create more powerful digital tools and capabilities for the Coca-Cola system's retail customers to enable them to grow their businesses; and digitizing operations through the use of data, artificial intelligence, automation, robotics and digital devices to increase efficiency and productivity. If we are not successful in our efforts to digitize the Coca-Cola system, our ability to increase sales and reduce costs may be negatively affected and the cost and expenses we have incurred or may incur in connection with our digitization initiatives may adversely impact our financial performance.

Changes in the retail landscape or the loss of key retail or foodservice customers could adversely affect our financial performance.

Our industry is being affected by the trend toward consolidation in and blurring of the lines between retail channels, particularly in Europe and the United States. Larger retailers may seek lower prices from us and our bottling partners, may demand increased marketing or promotional expenditures, and may be more likely to use their distribution networks to introduce and develop private label brands, any of which could negatively affect the Coca-Cola system's profitability. In addition, in developed markets discounters and value stores are growing at a rapid pace, while in emerging and developing markets modern trade is growing at a faster pace than traditional trade outlets. Our industry is also being affected by the rapid growth in sales through e-commerce retailers, e-commerce websites, mobile commerce applications and subscription services, which may result in a shift away from physical retail operations to digital channels. As we build the Coca-Cola system's e-commerce capabilities, we may not be able to develop and maintain successful relationships with existing and new e-commerce retailers without experiencing a deterioration of our relationships with key customers operating physical retail channels. If we are unable to successfully adapt to the rapidly changing retail landscape, including the rapid growth in digital commerce, our share of sales, volume growth and overall financial results could be negatively affected. In addition, our success depends in part on our ability to maintain good relationships with key retail and foodservice customers. The loss of one or more of our key retail or foodservice customers could have an adverse effect on our financial performance.

If we are unable to expand our operations in emerging and developing markets, our growth rate could be negatively affected.

Our success depends in part on our ability to grow our business in emerging and developing markets, which in turn depends on economic and political conditions in those markets and on our ability to work with local bottlers to make necessary

infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Additionally, we rely on local availability of talented management and employees to establish and manage our operations in these markets. Scarcity or heavy competition for talented employee resources could impede our abilities in such markets. Moreover, the supply of our products in emerging and developing markets must match consumers' demand for those products. Due to product price, limited purchasing power and cultural differences, there can be no assurance that our products will be accepted in any particular emerging or developing market.

Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the euro, the Japanese yen, the Brazilian real and the Mexican peso. In 2018, we used 72 functional currencies in addition to the U.S. dollar and derived $20.5 billion of net operating revenues from operations outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other currencies affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. For information regarding the estimated impact of currency fluctuations on our consolidated and operating segment net operating revenues for 2018 and 2017, refer to the heading "Operations Review — Net Operating Revenues" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report. Because of the geographic diversity of our operations, weaknesses in some currencies may be offset by strengths in others over time. We also use derivative financial instruments to further reduce our net exposure to foreign currency exchange rate fluctuations. However, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, could materially affect our financial results.

If interest rates increase, our net income could be negatively affected.

We maintain levels of debt that we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. When and to the extent appropriate, we use derivative financial instruments to reduce our exposure to interest rate risks. However, our financial risk management program may not be successful in reducing the risks inherent in exposures to interest rate fluctuations. Our interest expense may also be affected by our credit ratings. In assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, some credit rating agencies also consider financial information of certain of our major bottlers. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure; our major bottlers' financial performance; changes in the credit rating agencies' methodology in assessing our credit strength; the credit agencies' perception of the impact of credit market conditions on our or our major bottlers' current or future financial performance and financial condition; or for any other reason, our cost of borrowing could increase. Additionally, if the credit ratings of certain bottlers in which we have equity method investments were to be downgraded, such bottlers' interest expense could increase, which would reduce our equity income.

We rely on our bottling partners for a significant portion of our business. If we are unable to maintain good relationships with our bottling partners, our business could suffer.

We generate a significant portion of our net operating revenues by selling concentrates and syrups to independent bottling partners. As independent companies, our bottling partners, some of which are publicly traded companies, make their own business decisions that may not always align with our interests. In addition, many of our bottling partners have the right to manufacture or distribute their own products or certain products of other beverage companies. If we are unable to provide an appropriate mix of incentives to our bottling partners through a combination of pricing and marketing and advertising support, or if our bottling partners are not satisfied with our brand innovation and development efforts, they may take actions that, while maximizing their own short-term profits, may be detrimental to our Company or our brands, or they may devote more of their energy and resources to business opportunities or products other than those of the Company. Such actions could, in the long run, have an adverse effect on our profitability.

If our bottling partners' financial condition deteriorates, our business and financial results could be affected.

We derive a significant portion of our net operating revenues from sales of concentrates and syrups to independent bottling partners and, therefore, the success of our business depends on our bottling partners' financial strength and profitability. While under our agreements with our bottling partners we generally have the right to unilaterally change the prices we charge for our concentrates and syrups, our ability to do so may be materially limited by our bottling

partners' financial condition and their ability to pass price increases along to their customers. In addition, we have investments in certain of our bottling partners, which we account for under the equity method, and our operating results include our proportionate share of such bottling partners' income or loss. Our bottling partners' financial condition is affected in large part by conditions and events that are

beyond our and their control, including competitive and general market conditions in the territories in which they operate; the availability of capital and other financing resources on reasonable terms; loss of major customers; additional regulations; or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest, natural disasters or other catastrophic events. A deterioration of the financial condition or results of operations of one or more of our major bottling partners could adversely affect our net operating revenues from sales of concentrates and syrups; and, if such deterioration involves one or more of our major equity investee bottling partners, could also result in a decrease in our equity income and/or impairments of our equity method investments.

Increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

We are subject to income tax in the United States and numerous other jurisdictions in which we generate profits. Our overall effective income tax rate is a function of applicable local tax rates and the geographic mix of our income from continuing operations before taxes, which is itself impacted by currency movements. Consequently, the isolated or combined effects of unfavorable movements in tax rates, geographic mix, or foreign exchange rates could reduce our after-tax income.

Our annual tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions and accruals. The results of audits or related disputes could have a material effect on our financial statements for the period or periods for which the applicable final determinations are made and for periods for which the statute of limitations is open. For instance, the United States Internal Revenue Service ("IRS") is seeking to increase our U.S. taxable income for tax years 2007 through 2009 by an amount that creates a potential additional U.S. federal income tax liability of approximately $3.3 billion for that period, plus interest. If this income tax dispute were to be ultimately determined adversely to us, any additional taxes, interest and potential penalties in the litigated or subsequent years could have a material adverse impact on the Company's financial position, results of operations and cash flows. Any such adjustments related to years prior to 2018, either in the litigation period or later, may have an impact on the transition tax payable as part of the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act"). For additional information regarding this income tax dispute, refer to Note 12 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report.

The Tax Reform Act, which was signed into law on December 22, 2017, significantly affected U.S. income tax law by changing how the United States imposes income tax on multinational corporations. As permitted by Staff Accounting Bulletin No. 118 ("SAB 118"), we recorded an original provisional estimate of the effect of the Tax Reform Act in our 2017 consolidated financial statements and have subsequently finalized our accounting analysis based on the guidance, interpretations and data available as of December 31, 2018. For additional information regarding the Tax Reform Act and the final tax amounts recorded in our consolidated financial statements, refer to the heading "Critical Accounting Policies and Estimates — Income Taxes" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

Increased or new indirect taxes in the United States and throughout the world could negatively affect our business.

Our business operations are subject to numerous duties or taxes that are not based on income, sometimes referred to as "indirect taxes," including import duties, tariffs, excise taxes, sales or value-added taxes, taxes on sugar-sweetened beverages, property taxes and payroll taxes, in many of the jurisdictions in which we operate, including indirect taxes imposed by state and local governments. In addition, in the past, the U.S. Congress considered imposing a federal excise tax on beverages sweetened with sugar, HFCS or other nutritive sweeteners and may consider similar proposals in the future. As federal, state and local governments in the United States and throughout the world experience significant budget deficits, some lawmakers have singled out beverages among a plethora of revenue-raising items and have imposed or increased, or proposed to impose or increase, sales or similar taxes on beverages, particularly sugar-sweetened beverages. Increases in or the imposition of new indirect taxes on our business operations or products would increase the cost of products or, to the extent levied directly on consumers, make our products less affordable, which may negatively impact our net operating revenues and profitability.

If we do not realize the economic benefits we anticipate from our productivity and reinvestment program or are unable to successfully manage its possible negative consequences, our business operations could be adversely affected.

We believe that improved productivity is essential to achieving our long-term growth objectives and, therefore, a leading priority of our Company is to design and implement the most effective and efficient business model possible.

For information regarding our productivity and reinvestment program, refer to Note 19 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report. We have incurred, and we expect will continue to incur, significant costs and expenses in connection with our productivity and reinvestment program and associated initiatives. If we are unable to implement some or all of these productivity and reinvestment initiatives fully or in the envisioned timeframe, or we otherwise do not timely capture the efficiencies, cost savings and revenue growth opportunities we

anticipate from these initiatives, our results of operations for future periods could be negatively affected. In addition, some of the actions we are taking in furtherance of our productivity and reinvestment initiatives may become a distraction for our managers and employees and may disrupt our ongoing business operations; cause deterioration in employee morale which may make it more difficult for us to retain or attract qualified managers and employees; disrupt or weaken the internal control structures of the affected business operations; and give rise to negative publicity which could affect our corporate reputation. If we are unable to successfully manage the possible negative consequences of our productivity and reinvestment initiatives, our business operations could be adversely affected.

If we are unable to attract or retain a highly skilled and diverse workforce, our business could be negatively affected.

The success of our business depends on our ability to attract, train, develop and retain a highly skilled and diverse workforce. We may not be able to successfully compete for, attract and retain the high-quality and diverse employee talent we want and our future business needs may require, such as employees with e-commerce, social media and digital marketing and advertising skills and capabilities. Changes in immigration laws and policies could also make it more difficult for us to recruit or relocate highly skilled technical, professional and management personnel to meet our business needs. In addition, the unexpected loss of experienced and highly skilled associates due to insecurity resulting from our ongoing productivity initiatives, organizational changes and changes in compensation structure could deplete our institutional knowledge base and erode our competitiveness. Any of the foregoing could have a negative impact on our business.

Increase in the cost, disruption of supply or shortage of energy or fuel could affect our profitability.

Our Company-owned or -controlled bottlers operate a large fleet of trucks and other motor vehicles to distribute and deliver beverage products to customers. In addition, we use a significant amount of electricity, natural gas and other energy sources to operate our concentrate, syrup and juice production plants and the bottling plants and distribution facilities operated by our Company-owned or -controlled bottlers. An increase in the price, disruption of supply or shortage of fuel and other energy sources in countries in which we have concentrate plants, or in any of the major markets in which our Company-owned or -controlled bottlers operate, that may be caused by increasing demand or by events such as natural disasters, power outages, or the like could increase our operating costs and negatively impact our profitability.

Our independent bottling partners also operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to their own customers and use a significant amount of electricity, natural gas and other energy sources to operate their own bottling plants and distribution facilities. An increase in the price, disruption of supply or shortage of fuel and other energy sources in any of the major markets in which our independent bottling partners operate could increase the affected independent bottling partners' operating costs and thus indirectly negatively impact our results of operations.

Increase in the cost, disruption of supply or shortage of ingredients, other raw materials, packaging materials, aluminum cans and other containers could harm our business.

We and our bottling partners use various ingredients in our business, including HFCS, sucrose, aspartame, acesulfame potassium, sucralose, saccharin, cyclamate, steviol glycosides, ascorbic acid, citric acid, phosphoric acid, caffeine and caramel color; other raw materials such as orange and other fruit juice and juice concentrates; packaging materials such as PET, bio-based PET and recycled PET for bottles; and aluminum cans and other containers. For additional information regarding ingredients, other raw materials, packaging materials and containers we use in our business, refer to the heading "Raw Materials" set forth in Part I, "Item 1. Business" of this report. The prices for these ingredients, other raw materials, packaging materials, aluminum cans and other containers fluctuate depending on market conditions. Substantial increases in the prices of our or our bottling partners' ingredients, other raw materials, packaging materials, aluminum cans and other containers to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase our and our bottling partners' operating costs and reduce our profitability. Increases in the prices of our finished products resulting from a higher cost of ingredients, other raw materials, packaging materials, aluminum cans and other containers could affect affordability in some markets and reduce Coca-Cola system sales. In addition, some of our ingredients, such as aspartame, acesulfame potassium, sucralose, saccharin and ascorbic acid, as well as some packaging containers, such as aluminum cans, are available from a limited number of suppliers, and certain other ingredients are available from only one source each. Furthermore, some of our suppliers are located in countries experiencing political or other risks. We and our bottling partners may not be able to maintain favorable arrangements and relationships with these suppliers, and our contingency plans may not be effective in preventing disruptions that may arise from shortages of any ingredient that is available from a limited number of suppliers or from only one source.

The citrus industry is impacted by the variability of weather conditions and by greening disease, which affect the supply of orange juice and orange juice concentrate, which are important raw materials for our business. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of citrus trees and increasing grower costs and prices. Adverse weather conditions may affect the supply of other agricultural commodities from which key ingredients for our products are derived. For example, drought conditions in certain parts of the United States or in other major corn-producing

areas of the world may negatively affect the supply of corn, which in turn may result in shortages of and higher prices for HFCS.

An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, packaging materials, aluminum cans and other containers that may be caused by a deterioration of our or our bottling partners' relationships with suppliers; by supplier quality and reliability issues; by trade disruptions, changes in supply chain and increases in tariffs that may be caused by the United Kingdom's impending withdrawal from the European Union, commonly referred to as "Brexit;" or by events such as natural disasters, power outages, labor strikes, political uncertainties or governmental instability, or the like could negatively impact our net operating revenues and profits.

Changes in laws and regulations relating to beverage containers and packaging could increase our costs and reduce demand for our products.

We and our bottlers currently offer nonrefillable recyclable containers in the United States and in various other markets around the world. Legal requirements have been enacted in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. Other proposals relating to beverage container deposits, recycling, tethered bottle caps, ecotax and/or product stewardship have been introduced in various jurisdictions in the United States and overseas, and we anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and the related publicity could result in the adoption of such legislation or regulations. If these types of requirements are adopted and implemented on a large scale in any of the major markets in which we operate, they could affect our costs or require changes in our distribution model, which could reduce our net operating revenues and profitability.

Significant additional labeling or warning requirements or limitations on the marketing or sale of our products may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products as a result of what they contain or allegations that they cause adverse health effects. If these types of requirements become applicable to one or more of our major products under current or future environmental or health laws or regulations, they may inhibit sales of such products.

For example, under one such law in California, known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the exposure falls under an established safe harbor level. For additional information regarding Proposition 65, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. If we were required to add Proposition 65 warnings on the labels of one or more of our beverage products produced for sale in California, the resulting consumer reaction to the warnings and possible adverse publicity could negatively affect our sales both in California and in other markets.

Unfavorable general economic conditions in the United States could negatively impact our financial performance.

In 2018, our net operating revenues in the United States were $11.3 billion, or 36 percent, of our total net operating revenues. Unfavorable general economic conditions, such as a recession or economic slowdown, in the United States could negatively affect the affordability of, and consumer demand for, our beverages in our flagship market. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our beverages to lower-priced products offered by other companies, including private label brands. Softer consumer demand for our beverages in the United States could reduce our profitability and could negatively affect our overall financial performance.

Unfavorable economic and political conditions in international markets could hurt our business.

We derive a significant portion of our net operating revenues from sales of our products in international markets. In 2018, our operations outside the United States accounted for $20.5 billion, or 64 percent, of our total net operating revenues. Unfavorable economic conditions and financial uncertainties in our major international markets, including uncertainties surrounding Brexit, and unstable political conditions, including civil unrest and governmental changes, in certain of our other international markets could undermine global consumer confidence and reduce consumers' purchasing power, thereby reducing demand for our products. Product boycotts resulting from political activism could reduce demand for our products, while restrictions on our ability to transfer earnings or capital across borders, price controls, limitation on profits, retaliatory tariffs, import authorization requirements and other restrictions on business activities which have been or may be imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries or otherwise, could impact our profitability. In addition, U.S.

trade sanctions against countries designated by the U.S. government as state sponsors of terrorism and/or financial institutions accepting transactions for commerce within such countries could increase significantly, which could make it impossible for us to continue to make sales to bottlers in such countries. The imposition of retaliatory

sanctions against U.S. multinational corporations by countries that are or may become subject to U.S. trade sanctions, or the delisting of our branded products by retailers in various countries in reaction to U.S. trade sanctions or other governmental action or policy, could also negatively affect our business.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We are party to various litigation claims and legal proceedings in the ordinary course of business, including, but not limited to, litigation claims and legal proceedings arising out of our advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, and environmental and employment matters. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates.

We conduct business in markets with high-risk legal compliance environments, which exposes us to increased legal and reputational risk.

We have bottling and other business operations in markets with high-risk legal compliance environments. Our policies and procedures require strict compliance by our associates and agents with all United States and local laws and regulations and consent orders applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, our policies, procedures and related training programs may not always ensure full compliance by our associates and agents with all applicable legal requirements. Improper conduct by our associates or agents could damage our reputation in the United States and internationally or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

If our third-party service providers and business partners do not satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

In the conduct of our business, we rely on relationships with third parties, including cloud data storage and other information technology service providers, suppliers, distributors, contractors, joint venture partners and other external business partners, for certain functions or for services in support of key portions of our operations. These third-party service providers and business partners are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems and employee failures, and are subject to legal, regulatory and market risks of their own. Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the agreed upon terms. In addition, while we have procedures in place for selecting and managing our relationships with third-party service providers and other business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, which increases our financial, legal, reputational and operational risk. If we are unable to effectively manage our third-party relationships, or for any reason our third-party service providers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our financial results could suffer.

Failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights could harm our business.

Our trademarks, formulae and other intellectual property rights (refer to the heading "Patents, Copyrights, Trade Secrets and Trademarks" in Part I, "Item 1. Business" of this report) are essential to the success of our business. We cannot be certain that the legal steps we are taking around the world are sufficient to protect our intellectual property rights or that, notwithstanding legal protection, others do not or will not infringe or misappropriate our intellectual property rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products may be eroded and our business could suffer. In addition, we could come into conflict with third parties over intellectual property rights, which could result in disruptive and expensive litigation. Any of the foregoing could harm our business.

Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

Climate change may have a long-term adverse impact on our business and results of operations.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as

sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products, and could impact the food security of communities around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for the Coca-Cola system's bottling operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

If negative publicity, whether or not warranted, concerning product safety or quality, human and workplace rights, obesity or other issues damages our brand image, corporate reputation and social license to operate, our business may suffer.

Our success depends in large part on our ability to maintain the brand image of our existing products, build up brand image for new products and brand extensions, and maintain our corporate reputation and social license to operate. However, our continuing investment in advertising and marketing and our strong commitment to product safety and quality and human rights may not have the desired impact on our products' brand image and on consumer preferences. Product safety or quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. In some emerging markets, the production and sale of counterfeit or "spurious" products, which we and our bottling partners may not be able to fully combat, may damage the image and reputation of our products. In addition, from time to time, we and our executives engage in public policy endeavors that are either directly related to our products and packaging or to our business operations and the general economic climate affecting the Company. These engagements in public policy debates can occasionally be the subject of backlash from advocacy groups that have a differing point of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, our sponsorship relationships could subject us to negative publicity as a result of actual or alleged misconduct by individuals or entities associated with organizations we sponsor or support financially or through in-kind contributions. Likewise, campaigns by activists connecting us, or our bottling system or supply chain, with human and workplace rights issues, whether actual or perceived, could adversely impact our corporate image and reputation. Additionally, negative postings or comments on social media or networking websites about the Company or one of its brands, even if inaccurate or malicious, could generate adverse publicity that could damage the reputation of our brands or the Company. Furthermore, in June 2011, the United Nations Human Rights Council endorsed the Guiding Principles on Business and Human Rights, which outlines how businesses should implement the corporate responsibility to respect human rights principles included in the United Nations "Protect, Respect and Remedy" framework on human rights. Through our Human Rights Policy, Code of Business Conduct and Supplier Guiding Principles, and our participation in the United Nations Global Compact, as well as our active participation in the Global Business Initiative on Human Rights, we made a number of commitments to respect all human rights. Allegations, even if untrue, that we are not respecting one or more of the 30 human rights found in the United Nations Universal Declaration of Human Rights; actual or perceived failure by our suppliers or other business partners to comply with applicable labor and workplace rights laws, including child labor laws, or their actual or perceived abuse or misuse of migrant workers; and adverse publicity surrounding obesity and health concerns related to our products, water usage, environmental impact, labor relations or the like could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers. In addition, if we fail to protect our associates' and our supply chain employees' human rights, or inadvertently discriminate against any group of associates or hiring prospects, our ability to hire and retain the best talent will be diminished, which could have an adverse impact on our overall business.

Changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations could increase our costs or reduce our net operating revenues.

Our Company's business is subject to various laws and regulations in the numerous countries throughout the world in which we do business, including laws and regulations relating to competition, product safety, advertising and labeling, container deposits, recycling and product stewardship, the protection of the environment, and employment and labor practices. For additional information regarding laws and regulations applicable to our business, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change, to discourage the use of plastic, including regulations relating to recovery and/or disposal of plastic packaging materials due to environmental concerns, or to limit or impose additional costs on commercial water use due to local water scarcity concerns, may result in increased compliance costs, capital expenditures and other financial obligations for us and our bottling partners, which could affect our profitability, or may impede the production, distribution, marketing and sale of our products, which could affect our net operating revenues. In addition, failure to comply with environmental, health or safety requirements, privacy laws and regulations, U.S. trade sanctions, the U.S. Foreign Corrupt Practices Act and

other applicable laws or regulations could result in litigation, the assessment of damages, the imposition of penalties, suspension of production or distribution, costly changes to equipment or processes due to required corrective action, or a cessation or interruption of operations at our or our bottling partners' facilities, as well as damage to our or our bottling partners' image and reputation, all of which could harm our or our bottling partners' profitability.

Changes in accounting standards could affect our reported financial results.

New accounting standards or pronouncements that may become applicable to our Company from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported financial results for the affected periods.

If we are not able to achieve our overall long-term growth objectives, the value of an investment in our Company could be negatively affected.

We have established and publicly announced certain long-term growth objectives. These objectives were based on, among other things, our evaluation of our growth prospects, which are generally driven by the sales potential of our many beverage products, some of which are more profitable than others, and on an assessment of the potential price and product mix. There can be no assurance that we will realize the sales potential and the price and product mix necessary to achieve our long-term growth objectives.

If global credit market conditions deteriorate, our financial performance could be adversely affected.

The cost and availability of credit vary by market and are subject to changes in the global or regional economic environment. If conditions in major credit markets deteriorate, our and our bottling partners' ability to obtain debt financing on favorable terms may be negatively affected, which could affect our and our bottling partners' profitability as well as our share of the income of bottling partners in which we have equity method investments. A decrease in availability of consumer credit resulting from unfavorable credit market conditions, as well as general unfavorable economic conditions, may also cause consumers to reduce their discretionary spending, which could reduce the demand for our beverages and negatively affect our and our bottling partners' financial performance.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur significant losses.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, including forward contracts, commodity futures contracts, option contracts, collars and swaps, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or to retrieve our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default by or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

If we are unable to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest, our business could suffer.

Many of our associates at our key manufacturing locations and bottling plants are covered by collective bargaining agreements. While we generally have been able to renegotiate collective bargaining agreements on satisfactory terms when they expire and regard our relations with associates and their representatives as generally satisfactory, negotiations may nevertheless be challenging, as the Company must have competitive cost structures in each market while meeting the compensation and benefits needs of our associates. If we are unable to renew collective bargaining agreements on satisfactory terms, our labor costs could increase, which could affect our profit margins. In addition, many of our bottling partners' employees are represented by labor unions. Strikes, work stoppages or other forms of labor unrest at any of our major manufacturing facilities or at our bottling operations' or our major bottlers' plants could impair our ability to supply concentrates and syrups to our bottling partners or our bottlers' ability to supply finished beverages to customers, which could reduce our net operating revenues and could expose us to customer claims. Furthermore, from time to time we and our bottling partners restructure manufacturing and other operations to improve productivity. Restructuring activities and the announcement of plans for future restructuring activities may result in a general increase in insecurity among some Company associates and some employees in other parts of the Coca-Cola system, which may have negative impacts on employee morale, work performance, escalation of grievances and the negotiation of collective bargaining agreements. If these labor relations are not effectively managed at the local level, they could escalate in the form of corporate campaigns supported by the labor organizations and could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers.

We may be required to recognize impairment charges that could materially affect our financial results.

We assess our noncurrent assets, including trademarks, bottler franchise rights, goodwill and other intangible assets, equity method investments and other long-lived assets, as and when required by accounting principles generally accepted in the United States to determine whether they are impaired and, if they are, we record appropriate impairment charges. Our equity

method investees also perform similar recoverability and impairment tests, and we record our proportionate share of impairment charges recorded by them adjusted, as appropriate, for the impact of items such as basis differences, deferred taxes and deferred gains. It is possible that we may be required to record significant impairment charges or our proportionate share of significant impairment charges recorded by equity method investees in the future and, if we do so, our net income could be materially adversely affected.

We may incur multi-employer pension plan withdrawal liabilities in the future, which could negatively impact our financial performance.

We currently participate, and have in the past participated, in certain multi-employer pension plans in the United States. The U.S. multi-employer pension plans in which we currently participate have contractual arrangements that extend into 2021. If in the future we choose to withdraw, or are deemed to have withdrawn, from any of the multi-employer pension plans in which we currently participate, or in which we have participated in the past, we would need to record the appropriate withdrawal liabilities, which could negatively impact our financial performance in the applicable periods.

If we do not successfully integrate and manage our Company-owned or -controlled bottling operations or other acquired businesses or brands, our results could suffer.

From time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. In addition, we routinely evaluate opportunities to acquire other businesses or brands to expand our beverage portfolio and capabilities. We may incur unforeseen liabilities and obligations in connection with acquiring, taking control of or managing acquired bottling operations, other businesses or brands and may encounter unexpected difficulties and costs in restructuring and integrating them into our Company's operating and internal control structures. We may also experience delays in extending our Company's internal control over financial reporting to newly acquired or controlled bottling operations or other newly acquired businesses, which may increase the risk of failure to prevent misstatements in their financial records and in our consolidated financial statements. Our financial performance depends in large part on how well we can manage and improve the performance of Company-owned or -controlled bottling operations and other acquired businesses or brands. However, we may not be able to achieve our strategic and financial objectives for such bottling operations or other acquisitions. If we are unable to achieve such objectives, our consolidated results could be negatively affected.

If we do not successfully manage our refranchising activities, our business and results of operations could be adversely affected.

As part of our strategic initiative to refocus on our core business of building brands and leading our system of bottling partners, we continue to seek opportunities to refranchise Company-owned or -controlled bottling operations. Our refranchising activities require significant attention and effort on the part of, and therefore may be a distraction for, senior management. If we are unable to complete future refranchising transactions on our expected timetable and on terms and conditions favorable to us; our refranchising partners are not efficient and aligned with our long-term vision for the Coca-Cola system; or we are unable to maintain good relationships with the refranchised bottling operations, our business and results of operations could be adversely affected.

If we fail to realize a significant portion of the anticipated benefits of our strategic relationship with Monster, our financial performance could be adversely affected.

In June 2015, we and Monster entered into a long-term strategic relationship in the global energy drink category. If we are unable to successfully manage our complex relationship with Monster, or if for any other reason we fail to realize all or a significant part of the benefits we expect from this strategic relationship and the related investment, our financial performance could be adversely affected.

Global or regional catastrophic events could impact our operations and financial results.

Because of our global presence and worldwide operations, our business could be affected by large-scale terrorist acts, cyber-strikes and radiological attacks, especially those directed against the United States or other major industrialized countries; the outbreak or escalation of armed hostilities; major natural disasters; or widespread outbreaks of infectious diseases. Such events could impair our ability to manage our business around the world, could disrupt our supply of raw materials and ingredients, and could impact production, transportation and delivery of concentrates, syrups and finished products. In addition, such events could cause disruption of regional or global economic activity, which could affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our worldwide headquarters is located on a 35-acre office complex in Atlanta, Georgia. The complex includes our 621,000 square foot headquarters building and an 870,000 square foot building in which our North America group's main offices are located. The complex also includes several other buildings, including our 264,000 square foot Coca-Cola Plaza building, technical and engineering facilities and a reception center. We also own an office and retail building at 711 Fifth Avenue in New York, New York. These properties, except for the North America group's main offices, are included in Corporate. The North America group's main offices are included in the North America operating segment.

We own or lease additional facilities, real estate and office space throughout the world which we use for administrative, manufacturing, processing, packaging, storage, warehousing, distribution and retail operations. These properties are generally included in the geographic operating segment in which they are located.

The following table summarizes our principal production, distribution and storage facilities by operating segment and Corporate as of December 31, 2018:

	Principal Concentrate and/or Syrup Plants		Principal Beverage Manufacturing/Bottling Plants		Distribution and Storage Warehouses	
	Owned	Leased	Owned	Leased	Owned	Leased
Europe, Middle East & Africa	6	—	—	—	—	1
Latin America	5	—	—	—	2	6
North America	11	—	9	1	—	41
Asia Pacific	6	—	—	—	2	9
Bottling Investments	—	—	45	5	64	69
Corporate	3	—	—	—	—	7
Total[1]	31	—	54	6	68	133

[1] Does not include 36 owned and 2 leased principal beverage manufacturing/bottling plants and 23 owned and 30 leased distribution and
storage warehouses related to our discontinued operations.

Management believes that our Company's facilities for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production capacity for their present intended purposes. The extent of utilization of such facilities varies based upon seasonal demand for our products. However, management believes that additional production can be achieved at the existing facilities by adding personnel and capital equipment and, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire or lease additional facilities and/or dispose of existing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including the proceedings specifically discussed below. Management
believes that, except as disclosed in *U.S. Federal Income Tax Dispute* below, the total liabilities of the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Aqua-Chem Litigation

On December 20, 2002, the Company filed a lawsuit (*The Coca-Cola Company v. Aqua-Chem, Inc., Civil Action No. 2002CV631-50*) in the Superior Court of Fulton County, Georgia ("Georgia Case"), seeking a declaratory judgment that the Company has no obligation to its former subsidiary, Aqua-Chem, Inc., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"), for any past, present or future liabilities or expenses in connection with any claims or lawsuits against Aqua-Chem. Subsequent to the Company's filing but on the same day, Aqua-Chem filed a lawsuit (*Aqua-Chem, Inc. v. The Coca-Cola Company, Civil Action No. 02CV012179*) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin ("Wisconsin Case"). In the Wisconsin Case, Aqua-Chem sought a declaratory judgment that the Company is responsible for all liabilities and expenses not covered by insurance in connection with certain of Aqua-Chem's general and product liability claims arising from occurrences prior to the Company's sale of Aqua-Chem in 1981, and a judgment for breach of contract in an amount exceeding $9 million for costs incurred by

Aqua-Chem to date in connection with such claims. The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem.

The Company owned Aqua-Chem from 1970 to 1981. During that time, the Company purchased over $400 million of insurance coverage, which also insures Aqua-Chem for some of its prior and future costs for certain product liability and other claims. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc., in 1981 under the terms of a stock sale

agreement. The 1981 agreement, and a subsequent 1983 settlement agreement, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem. Cleaver-Brooks, a division of Aqua-Chem, manufactured boilers, some of which contained asbestos gaskets. Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and currently has approximately 40,000 active claims pending against it.

The parties agreed in 2004 to stay the Georgia Case pending the outcome of insurance coverage litigation filed by certain Aqua-Chem insurers on March 26, 2004. In the coverage action, five plaintiff insurance companies filed suit (*Century Indemnity Company, et al. v. Aqua-Chem, Inc., The Coca-Cola Company, et al., Case No. 04CV002852*) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin, against the Company, Aqua-Chem and 16 insurance companies. Several of the policies that were the subject of the coverage action had been issued to the Company during the period (1970 to 1981) when the Company owned Aqua-Chem. The complaint sought a determination of the respective rights and obligations under the insurance policies issued with regard to asbestos-related claims against Aqua-Chem. The action also sought a monetary judgment reimbursing any amounts paid by the plaintiffs in excess of their obligations. Two of the insurers, one with a $15 million policy limit and one with a $25 million policy limit, asserted cross-claims against the Company, alleging that the Company and/or its insurers are responsible for Aqua-Chem's asbestos liabilities before any obligation is triggered on the part of the cross-claimant insurers to pay for such costs under their policies.

Aqua-Chem and the Company filed and obtained a partial summary judgment determination in the coverage action that the insurers for Aqua-Chem and the Company were jointly and severally liable for coverage amounts, but reserving judgment on other defenses that might apply. During the course of the Wisconsin insurance coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who paid funds into escrow accounts for payment of costs arising from the asbestos claims against Aqua-Chem. On July 24, 2007, the Wisconsin trial court entered a final declaratory judgment regarding the rights and obligations of the parties under the insurance policies issued by the remaining defendant insurers, which judgment was not appealed. The judgment directs, among other things, that each insurer whose policy is triggered is jointly and severally liable for 100 percent of Aqua-Chem's losses up to policy limits. The court's judgment concluded the Wisconsin insurance coverage litigation.

The Company and Aqua-Chem continued to pursue and obtain coverage agreements for the asbestos-related claims against Aqua-Chem with those insurance companies that did not settle in the Wisconsin insurance coverage litigation. The Company anticipated that a final settlement with three of those insurers ("Chartis insurers") would be finalized in May 2011, but the Chartis insurers repudiated their settlement commitments and, as a result, Aqua-Chem and the Company filed suit against them in Wisconsin state court to enforce the coverage-in-place settlement or, in the alternative, to obtain a declaratory judgment validating Aqua-Chem and the Company's interpretation of the court's judgment in the Wisconsin insurance coverage litigation.

In February 2012, the parties filed and argued a number of cross-motions for summary judgment related to the issues of the enforceability of the settlement agreement and the exhaustion of policies underlying those of the Chartis insurers. The court granted defendants' motions for summary judgment that the 2011 Settlement Agreement and 2010 Term Sheet were not binding contracts, but denied their similar motions related to plaintiffs' claims for promissory and/or equitable estoppel. On or about May 15, 2012, the parties entered into a mutually agreeable settlement/stipulation resolving two major issues: exhaustion of underlying coverage and control of defense. On or about January 10, 2013, the parties reached a settlement of the estoppel claims and all of the remaining coverage issues, with the exception of one disputed issue relating to the scope of the Chartis insurers' defense obligations in two policy years. The trial court granted summary judgment in favor of the Company and Aqua-Chem on that one open issue and entered a final appealable judgment to that effect following the parties' settlement. On January 23, 2013, the Chartis insurers filed a notice of appeal of the trial court's summary judgment ruling. On October 29, 2013, the Wisconsin Court of Appeals affirmed the grant of summary judgment in favor of the Company and Aqua-Chem. On November 27, 2013, the Chartis insurers filed a petition for review in the Supreme Court of Wisconsin, and on December 11, 2013, the Company filed its opposition to that petition. On April 16, 2014, the Supreme Court of Wisconsin denied the Chartis insurers' petition for review.

The Georgia Case remains subject to the stay agreed to in 2004.

U.S. Federal Income Tax Dispute

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the IRS for the tax years 2007 through 2009, after a five-year audit. In the Notice, the IRS claimed that the Company's United States taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period, plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company

should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in overseas markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement that applied back to

1987. The closing agreement provided prospective penalty protection conditioned on the Company's continued adherence to the prescribed methodology absent change in material facts or circumstances and relevant federal tax law. Although the IRS subsequently asserted, without explanation, that material facts and circumstances and relevant federal tax law had changed, it has not asserted penalties. The Company's compliance with the closing agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the 1996 closing agreement. The IRS designated the matter for litigation on October 15, 2015. To the extent the matter remains designated, the Company will be prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The U.S. Tax Court trial was held from March 8, 2018 through May 11, 2018. The Company and the IRS filed and exchanged final post-trial briefs in February 2019. It is not known how much time will elapse thereafter prior to the issuance of the Court's decision. In the interim, or subsequent to the Tax Court's decision, the IRS may propose similar adjustments for years subsequent to the 2007-2009 litigation period. While the Company continues to strongly disagree with the IRS' position, there is no assurance that the U.S. Tax Court will rule in the Company's favor, and it is possible that all or some portion of the adjustment proposed by the IRS Notice ultimately could be sustained. In that event, the Company will be subject to significant additional liabilities for the years at issue and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations and cash flows. Any such adjustments related to years prior to 2018, either in the litigation period or later, may have an impact on the transition tax payable as part of the Tax Reform Act.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM X. EXECUTIVE OFFICERS OF THE COMPANY

The following are the executive officers of our Company as of February 21, 2019:

Manuel Arroyo, 51, is President of the Asia Pacific Group. Mr. Arroyo first joined the Company in 1995 in Madrid in brand management and served in roles of increasing responsibility with the Company until his appointment as General Manager for Spain in 2004, a position which he held until 2006. Mr. Arroyo served as President of the South East and West Asia business unit from 2006 to 2010 and as President of the ASEAN business unit from 2010 to August 2014. Mr. Arroyo served as Senior Vice President and President, Asia Pacific, of S.C. Johnson & Son, Inc., a multinational consumer product manufacturer, from September 2014 to May 2015, and as Chief Executive Officer of Deoleo, S.A., a Spanish multinational olive oil processing company, from May 2015 until September 2016. Mr. Arroyo returned to the Company as General Manager for Iberia in February 2017 and was appointed President of the Mexico business unit in July 2017, a position in which he served until his appointment as President of the Asia Pacific Group effective January 1, 2019.

Francisco Crespo, 53, is Senior Vice President and Chief Growth Officer of the Company. Mr. Crespo first joined the Company in 1989 in Ecuador, where he held a variety of operations roles. In 1992, Mr. Crespo was appointed Marketing Manager for Peru. In June 1995, he became Channel Marketing Manager in Argentina, and then held the role of Operations Manager for Coca-Cola de Argentina S.A. from July 1996 until his secondment to Coca-Cola FEMSA de Buenos Aires S.A. in July 1998, where he served as Commercial Director in Argentina until June 2000. He rejoined the Company as General Manager of Coca-Cola de Chile S.A. in July 2000 and served in that capacity until July 2003. Mr. Crespo served as Vice President of Operations for the Brazil business unit from August 2003 to November 2005 and as President of the South Latin business unit, where he managed operations in Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay, from December 2005 to December 2012. He was appointed President of the Company's Mexico business unit in January 2013 and served in that capacity until his appointment as Chief Growth Officer and election as Senior Vice President of the Company effective May 1, 2017.

James L. Dinkins, 56, is Senior Vice President of the Company and President, Coca-Cola North America. Mr. Dinkins joined the Company in 1988, serving in various account management, marketing and field sales roles with Coca-Cola USA until July 1999. He rejoined the Company in August 2002 as Managing Director, NCAA Sports, and held positions of increasing responsibility in the Coca-Cola Foodservice and On-Premise business of Coca-Cola North America. From November 2010 to April 2014, he served as President, 7-Eleven Global Customer Team, and from April 2014 to August 2014, he served as Senior Vice President, National Retail Sales for select grocery, club and convenience retail customers. From August 2014 to May 2017, he served as Chief Retail Sales Officer for Coca-Cola North America. From May 2017 to December 2017, he served as President of the Minute Maid business unit and Chief Retail Sales Officer for Coca-Cola North America. Mr. Dinkins was appointed President of Coca-Cola North America and elected Senior Vice President of the Company effective January 1, 2018.

Bernhard Goepelt, 56, is Senior Vice President and General Counsel of the Company. Mr. Goepelt joined the Company in 1992 as Legal Counsel for the German Division. In 1997, he was appointed Legal Counsel for the Middle and Far East Group, and in 1999 was appointed Division Counsel, Southeast and West Asia Division, based in Thailand. In 2003, Mr. Goepelt was appointed Group Counsel for the Central Europe, Eurasia and Middle East Group. In 2005, he assumed the position of General Counsel for Japan and China, and in 2007, Mr. Goepelt was appointed General Counsel, Pacific Group. In April 2010, he was appointed Associate General Counsel, Global Marketing, Commercial Leadership & Strategy, and in September 2010, he took on the additional responsibility of General Counsel for the Pacific Group. In addition to his functional responsibilities, he also managed the administration of the Legal Division. Mr. Goepelt was elected Senior Vice President and General Counsel of the Company in December 2011. Mr. Goepelt's management responsibilities were expanded in January 2016 to include the Company's Strategic Security function.

Muhtar Kent, 66, is Chairman of the Board of Directors of the Company. Mr. Kent joined the Company in 1978 and held a variety of marketing and operations roles throughout his career with the Company. In 1985, he was appointed General Manager of Coca-Cola Turkey and Central Asia. From 1989 to 1995, Mr. Kent served as President of the East Central Europe Division and Senior Vice President of Coca-Cola International. Between 1995 and 1998, he served as Managing Director of Coca-Cola Amatil Limited-Europe, covering bottling operations in 12 countries, and from 1999 until 2005, he served as President and Chief Executive Officer of Efes Beverage Group, a diversified beverage company with Coca-Cola and beer operations across Southeast Europe, Turkey and Central Asia. Mr. Kent rejoined the Company in May 2005 as President and Chief Operating Officer, North Asia, Eurasia and Middle East Group, an organization serving a broad and diverse region that included China, Japan and Russia. He was appointed President, Coca-Cola International in January 2006 and was elected Executive Vice President of the Company in February 2006. He was elected President and Chief Operating Officer of the Company in December 2006 and was elected to the Board of Directors in April 2008. Mr. Kent was elected Chief Executive Officer of the Company in

July 2008, and was elected Chairman of the Board of Directors of the Company in April 2009. He served as President of the Company until August 2015 and as Chief Executive Officer of the Company through April 30, 2017. In December 2018, Mr. Kent provided notice to the Company of his intention to not stand for re-election at the Company's 2019

Annual Meeting of Shareowners and to retire from the position of Chairman of the Board of Directors of the Company on the date of such meeting.

Nikos Koumettis, 54, is President of the Europe, Middle East and Africa Group. Mr. Koumettis joined the Company in January 2001 as Southeast Mediterranean Region General Manager for Greece and Cyprus. Mr. Koumettis served as President of the Adriatic and Balkans business unit from January 2003 to June 2008, as President of Coca-Cola Ltd. based in Canada from June 2008 to April 2011, and as President of the Central and Southern Europe business unit from April 2011 to April 2016. In April 2016, Mr. Koumettis was appointed President of the Central and Eastern Europe business unit based in Athens and continued in that position until his appointment as President of the Europe, Middle East and Africa Group effective January 1, 2019.

Robert Long, 61, is Senior Vice President and Chief Innovation Officer of the Company. Mr. Long joined the Company in April 2004 as Vice President, Global Packaging Platforms. In October 2007, he moved to Japan to lead research and development for Japan, a position he held until coming to Coca-Cola North America in August 2010 to lead research and development. In October 2012, he also assumed North America responsibility for Technical Governance (Quality, Environment, Safety and Scientific & Regulatory Affairs). Mr. Long served as Vice President, Research and Development, of the Company from December 2016 until his appointment as Chief Innovation Officer and election as Senior Vice President of the Company effective May 1, 2017.

Jennifer K. Mann, 46, is Senior Vice President, Chief People Officer and President, Global Ventures, of the Company. Ms. Mann joined the Company in 1997 as Manager in the National Customer Support Division of Coca-Cola North America. She served as Vice President and General Manager of Coca-Cola Freestyle from June 2012 until October 2015, when she was appointed Chief of Staff for James Quincey, then President and Chief Operating Officer of the Company. Ms. Mann was appointed Chief People Officer and elected Senior Vice President of the Company effective May 1, 2017 and continued to serve as Chief of Staff for the Chief Executive Officer of the Company until October 2018. Ms. Mann was appointed to the additional position of President, Global Ventures, of the Company effective January 1, 2019.

John Murphy, 57, is Senior Vice President and Deputy Chief Financial Officer of the Company. Mr. Murphy joined the Company in 1988 as an International Internal Auditor. In 1991, he moved to Coca-Cola Japan and served as Executive Assistant to the Chief Financial Officer. Mr. Murphy served in various finance, planning and operations roles with expanded responsibilities at Coca-Cola Japan and subsequently worked for F&N Coca-Cola Ltd., the Coca-Cola bottling partner in Singapore. He rejoined the Company in 1996 as Region Manager in Indonesia. From March 2000 to November 2000, Mr. Murphy served as Vice President of Business Systems in Coca-Cola North America, and from December 2000 to May 2003, he served as Executive Vice President and Chief Financial Officer of Coca-Cola Japan. From June 2003 to May 2005, he served as Deputy President of Coca-Cola Japan, and in June 2005, he was appointed Vice President of Strategic Planning of the Company, a position he held until he became President of the Latin Center business unit in October 2008. Mr. Murphy was appointed President of the South Latin business unit in January 2013 and served in that role until his appointment to the position of President of the Asia Pacific Group in August 2016. Mr. Murphy was elected Senior Vice President and Deputy Chief Financial Officer of the Company effective January 1, 2019. In October 2018, Mr. Murphy was elected Executive Vice President and Chief Financial Officer of the Company with effect on March 16, 2019.

Beatriz Perez, 49, is Senior Vice President and Chief Communications, Public Affairs, Sustainability and Marketing Assets Officer of the Company. Ms. Perez joined the Company in 1996 and has served in various roles of increasing responsibility in brand and marketing management, field operations, sustainability, public affairs and communications. From April 2010 to June 2011, she served as Chief Marketing Officer for Coca-Cola North America. She served as the Company's first Chief Sustainability Officer from July 2011 to April 2017, and as Vice President, Global Partnerships and Licensing, Retail and Attractions from July 2016 to April 2017. Ms. Perez was appointed Chief Public Affairs, Communications and Sustainability Officer of the Company effective May 1, 2017 (Ms. Perez's functional title was subsequently changed to Chief Communications, Public Affairs, Sustainability and Marketing Assets Officer). Ms. Perez was elected Vice President of the Company in July 2011 and served in that capacity until her election as Senior Vice President of the Company effective May 1, 2017.

Nancy Quan, 52, is Senior Vice President and Chief Technical Officer of the Company. Ms. Quan joined the Company in May 2007 as R&D General Manager for the Europe and Eurasia Group. Ms. Quan served as Vice President, Innovation, of the Company from April 2008 to January 2010, as Vice President, R&D, for the Pacific Group from January 2010 to January 2012, and as Global R&D Officer for the Company from January 2012 to July 2016. Ms. Quan was appointed Chief Technical Officer of Coca-Cola North America in July 2016 and continued in that position until her election as Senior Vice President and Chief Technical Officer of the Company effective January 1, 2019.

James Quincey, 54, is Chief Executive Officer and a Director of the Company. Mr. Quincey joined the Company in 1996 as Director, Learning Strategy for the Latin America Group. He went on to serve in a series of operational roles of increasing responsibility in Latin America, leading to his appointment as President of the South Latin Division in December 2003, a position in which he served until his appointment as President of the Mexico Division in December 2005. In October 2008, he

was named President of the Northwest Europe and Nordics business unit and served in that role until he was appointed President of the Europe Group in January 2013. He was elected President and Chief Operating Officer of the Company in August 2015 and President and Chief Executive Officer of the Company effective May 1, 2017. Mr. Quincey served as President until December 2018. Mr. Quincey was first elected to the Board of Directors of the Company in April 2017. In December 2018, the Board of Directors elected Mr. Quincey to serve as Chairman of the Board of Directors of the Company following Mr. Kent's retirement at the Company's 2019 Annual Meeting of Shareowners, contingent on Mr. Quincey's re-election as a Director at the 2019 Annual Meeting of Shareowners.

Alfredo Rivera, 57, is President of the Latin America Group. Mr. Rivera joined the Company in 1997 as a District Manager for Guatemala and El Salvador. In 1999, he was appointed Southeast Region Manager in the Brazil Division, serving in this role until December 2003. From January 2004 to August 2006, he served as General Manager for the Ecuador business. From September 2006 to December 2012, Mr. Rivera served as Sparkling Beverages General Manager for the Mexico business unit. In January 2013, he was appointed President of the Latin Center business unit and served in that role until his appointment to his current position in August 2016.

Barry Simpson, 58, is Senior Vice President and Chief Information and Integrated Services Officer of the Company. In 2008, Mr. Simpson joined the Coca-Cola system, where he served as Chief Information Officer of Coca-Cola Amatil Limited, a Coca-Cola bottler based in Sydney, Australia, until December 2015. He joined the Company in January 2016 as the head of Global Business Unit Information Technology Services. Mr. Simpson was appointed Chief Information Officer in October 2016 and was elected Senior Vice President of the Company in December 2016. Effective January 1, 2019, Mr. Simpson's duties were expanded to include oversight of portions of the Company's Enabling Services organization and his title was changed to Senior Vice President and Chief Information and Integrated Services Officer of the Company.

Brian Smith, 63, is President and Chief Operating Officer of the Company. Mr. Smith joined the Company in 1997 as Latin America Group Manager for Mergers and Acquisitions, a role he held until July 2001. From 2001 to 2002, he worked as Executive Assistant to Brian Dyson, then Chief Operating Officer and Vice Chairman of the Company. Mr. Smith served as President of the Brazil Division from 2002 to 2008 and President of the Mexico business unit from 2008 through December 2012. Mr. Smith served as President of the Latin America Group from January 2013 to August 2016 and as President of the Europe, Middle East and Africa Group from August 2016 until his election as President and Chief Operating Officer of the Company effective January 1, 2019.

Kathy N. Waller, 60, is Executive Vice President and Chief Financial Officer of the Company. Ms. Waller joined the Company in 1987 as a senior accountant in the Accounting Research Department and has served in a number of accounting and finance roles of increasing responsibility. From July 2004 to August 2009, Ms. Waller served as Chief of Internal Audit. In December 2005, she was elected Vice President of the Company, and in August 2009, she was elected Controller. In August 2013, she became Vice President, Finance and Controller, assuming additional responsibilities for corporate treasury, corporate tax and finance capabilities, and served in that position until April 2014, when she was appointed Chief Financial Officer and elected Executive Vice President. Ms. Waller assumed expanded responsibility for the Company's strategic governance areas as President, Enabling Services, on May 1, 2017 and served in that capacity until December 31, 2018. In October 2018, the Company announced that Ms. Waller will retire from the Company on March 15, 2019.

All executive officers serve at the pleasure of the Board of Directors. There is no family relationship between any of the Directors or executive officers of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal United States market in which the Company's common stock is listed and traded is the New York Stock Exchange and the corresponding trading symbol is "KO."

While we have historically paid dividends to holders of our common stock on a quarterly basis, the declaration and payment of future dividends will depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and are at the discretion of our Board of Directors.

As of February 15, 2019, there were 206,575 shareowner accounts of record. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" in the Company's definitive Proxy Statement for the Annual Meeting of Shareowners to be held on April 24, 2019 ("Company's 2019 Proxy Statement"), to be filed with the Securities and Exchange Commission, is incorporated herein by reference.

During the year ended December 31, 2018, no equity securities of the Company were sold by the Company that were not registered under the Securities Act of 1933, as amended.

The following table presents information with respect to purchases of common stock of the Company made during the three months ended December 31, 2018 by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan[2]	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plan
September 29, 2018 through October 26, 2018	2,584,881	$ 45.93	2,584,800	35,604,612
October 27, 2018 through November 23, 2018	4,499,050	49.25	3,584,201	32,020,411
November 24, 2018 through December 31, 2018	186,525	48.48	—	32,020,411
Total	7,270,456	$ 48.05	6,169,001	

[1] The total number of shares purchased includes: (i) shares purchased pursuant to the 2012 Plan described in footnote 2 below and (ii) shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees.

[2] On October 18, 2012, the Company publicly announced that our Board of Directors had authorized a plan ("2012 Plan") for the Company to purchase up to 500 million shares of our Company's common stock. This column discloses the number of shares purchased pursuant to the 2012 Plan during the indicated time periods (including shares purchased pursuant to the terms of preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act).

Performance Graph

Comparison of Five-Year Cumulative Total Return Among
The Coca-Cola Company, the Peer Group Index and the S&P 500 Index

Total Return
Stock Price Plus Reinvested Dividends

chart-b10090ab605d516db01.jpg

December 31,	2013	2014	2015	2016	2017	**2018**
The Coca-Cola Company	$ 100	$ 105	$ 111	$ 110	$ 126	**$ 135**
Peer Group Index	100	113	128	142	158	**128**
S&P 500 Index	100	114	115	129	157	**150**

The total return assumes that dividends were reinvested daily and is based on a $100 investment on December 31, 2013.

The Peer Group Index is a self-constructed peer group of companies that are included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index, from which the Company has been excluded.

The Peer Group Index consists of the following companies: Altria Group, Inc., Archer Daniels Midland Company, B&G Foods, Inc., Brown-Forman Corporation, Bunge Limited, Campbell Soup Company, Conagra Brands, Inc., Constellation Brands, Inc., Darling Ingredients Inc., Flowers Foods, Inc., General Mills, Inc., The Hain Celestial Group, Inc., Herbalife Nutrition Ltd., The Hershey Company, Hormel Foods Corporation, Ingredion Incorporated, Jefferies Financial Group Inc., Kellogg Company, The Kraft Heinz Company, Keurig Dr Pepper Inc., Lamb Weston Holdings, Inc., Lancaster Colony Corporation, McCormick & Company, Incorporated, Molson Coors Brewing Company, Mondelēz International, Inc., Monster Beverage Corporation, National Beverage Corp., PepsiCo, Inc., Performance Food Group Company, Philip Morris International Inc., Pilgrim's Pride Corporation, Post Holdings, Inc., Seaboard Corporation, The J.M. Smucker Company, TreeHouse Foods, Inc., Tyson Foods, Inc. and US Foods Holding Corp.

Companies included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index change periodically. In 2018, the indices included Jefferies Financial Group Inc., Keurig Dr Pepper Inc., National Beverage Corp., Performance Food Group Company, Pilgrim's Pride Corporation and Seaboard Corporation, which were not included in the indices in 2017. Additionally, the indices do not include Dean Foods Company, Dr Pepper Snapple Group, Inc., Leucadia National Corporation, Pinnacle Foods Inc. and Snyder's-Lance, Inc., which were included in the indices in 2017.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report.

Year Ended December 31,	**2018**	2017	2016	2015	2014
(In millions except per share data)					
SUMMARY OF OPERATIONS					
Net operating revenues	**$ 31,856**	$ 35,410	$ 41,863	$ 44,294	$ 45,998
Net income from continuing operations	**6,727**	1,182	6,550	7,366	7,124
Net income attributable to shareowners of The Coca-Cola Company	**6,434**	1,248	6,527	7,351	7,098
PER SHARE DATA					
Basic net income from continuing operations[1]	**$ 1.58**	$ 0.28	$ 1.51	$ 1.69	$ 1.62
Basic net income	**1.51**	0.29	1.51	1.69	1.62
Diluted net income from continuing operations[1]	**1.57**	0.27	1.49	1.67	1.60
Diluted net income	**1.50**	0.29	1.49	1.67	1.60
Cash dividends	**1.56**	1.48	1.40	1.32	1.22
BALANCE SHEET DATA					
Total assets	**$ 83,216**	$ 87,896	$ 87,270	$ 89,996	$ 91,968
Long-term debt	**25,364**	31,182	29,684	28,311	19,010

[1] Calculated based on net income from continuing operations less net income from continuing operations attributable to noncontrolling interests.

The Company's results are impacted by acquisitions and divestitures. Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

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

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand The Coca-Cola Company, our operations and our present business environment. MD&A is provided as a supplement to — and should be read in conjunction with — our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report. This overview summarizes the MD&A, which includes the following sections:

- *Our Business* — a general description of our business and the nonalcoholic beverage segment of the commercial beverage industry; our objective; our strategic priorities; our core capabilities; and challenges and risks of our business.

- *Critical Accounting Policies and Estimates* — a discussion of accounting policies that require critical judgments and estimates.

- *Operations Review* — an analysis of our Company's consolidated results of operations for the three years presented in our consolidated financial statements. Except to the extent that differences among our operating segments are material to an understanding of our business as a whole, we present the discussion on a consolidated basis.

- *Liquidity, Capital Resources and Financial Position* — an analysis of cash flows; off-balance sheet arrangements and aggregate contractual obligations; foreign exchange; the impact of inflation and changing prices; and an overview of financial position.

Our Business

General

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for more than 1.9 billion of the approximately 61 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage choices to meet their desires, needs and lifestyle choices. Our success further depends on the ability of our people to execute effectively, every day.

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our domestic and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine the concentrates with sweeteners (depending on the product), still water and/or sparkling water, or combine the syrups with sparkling water to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers. These operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments. In the United States, we manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment.

The following table sets forth the percentage of total net operating revenues related to concentrate operations and finished product operations:

Year Ended December 31,	**2018**	2017	2016
Concentrate operations	**64 %**	51 %	40 %
Finished product operations	**36**	49	60

Total	**100 %**	100 %	100 %

The following table sets forth the percentage of total worldwide unit case volume related to concentrate operations and finished product operations:

Year Ended December 31,	**2018**	2017	2016
Concentrate operations	**85 %**	78 %	76 %
Finished product operations	**15**	22	24
Total	**100 %**	100 %	100 %

The Nonalcoholic Beverage Segment of the Commercial Beverage Industry

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. We face strong competition from numerous other general and specialty beverage companies. We, along with other beverage companies, are affected by a number of factors, including, but not limited to, cost to manufacture and distribute products, consumer spending, economic conditions, availability and quality of water, consumer preferences, inflation, political climate, local and national laws and regulations, foreign currency fluctuations, fuel prices and weather patterns.

Our Objective

Our objective is to use our formidable assets — our brands, financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of our management and associates — to achieve long-term sustainable growth. To accomplish our objective, we are focused on:

- Disciplined growth
  - Turning our passion for consumers into drinks people come back to again and again, whether that means less sugar, more vitamins, or exciting new flavors
  - Building relevant brands people love and scaling them around the world quickly and consistently
  - Using the Coca-Cola system advantage to put our drinks in more hands in more places more quickly than anyone else
- Doing business the right way, not just the easy way
  - Being leaders in responsible water use and giving back to nature and communities
  - Contributing to the elimination of waste, including through package innovation, sharing of package innovation and recycling initiatives
  - Caring for people and communities, with a special focus on women's economic empowerment
- Tapping into the passion of our people
  - Building an inclusive culture of curiosity and empowerment where diverse perspectives are essential as we strive for progress, not perfection

Strategic Priorities

We have five strategic priorities designed to help us achieve our objective. These strategic priorities are accelerating growth of a consumer-centric brand portfolio; driving our revenue growth algorithm; strengthening the Coca-Cola system; digitizing the enterprise; and unlocking the power of our people. In order to execute on these strategic priorities, we must further enhance our core capabilities of consumer marketing, commercial leadership and franchise leadership.

Core Capabilities

Consumer Marketing

Marketing investments are designed to enhance consumer awareness of, and increase consumer preference for, our brands. Successful marketing investments produce long-term growth in unit case volume, per capita consumption and our share of worldwide nonalcoholic beverage sales. Through our relationships with our bottling partners and those who sell our products in the marketplace, we create and implement integrated marketing programs, both globally and locally, that are designed to heighten consumer awareness of and product appeal for our brands. In developing a strategy for a Company brand, we conduct product and packaging research, establish brand positioning,

develop precise consumer communications and solicit consumer feedback. Our integrated marketing activities include, but are not limited to, advertising, point-of-sale merchandising and sales promotions.

We are focusing on marketing strategies to drive volume growth in emerging markets, increase our brand value in developing markets and grow net revenues and profit in our developed markets. In emerging markets, we are investing in infrastructure programs that drive volume through increased access to consumers. In developing markets, where consumer access has largely been established, our focus is on differentiating our brands. In our developed markets, we continue to invest in brands and infrastructure programs but generally at a slower rate than gross profit growth.

Commercial Leadership

The Coca-Cola system has millions of customers around the world who sell or serve our products directly to consumers. We focus on enhancing value for our customers and providing solutions to grow their beverage businesses. Our approach includes understanding each customer's business and needs — whether that customer is a sophisticated retailer in a developed market or a kiosk owner in an emerging market. We focus on ensuring that our customers have the right product and package offerings and the right promotional tools to deliver enhanced value to themselves and the Company. We are constantly looking to build new beverage consumption occasions in our customers' outlets through unique and innovative consumer experiences, product availability and delivery systems, and beverage merchandising and displays. We participate in brand-building initiatives with our customers in order to drive consumer preference for our brands. Through our commercial leadership initiatives, we embed ourselves further into our retail customers' businesses while developing strategies for better execution at the point of sale.

Franchise Leadership

We must continue to improve our franchise leadership capabilities to give our Company and our bottling partners the ability to grow together through shared values, aligned incentives and a sense of urgency and flexibility that supports consumers' always changing needs and tastes. The financial health and success of our bottling partners are critical components of the Company's success. We work with our bottling partners to identify processes that enable us to quickly achieve scale and efficiencies, and we share best practices throughout the bottling system. With our bottling partners, we work to produce differentiated beverages and packages that are appropriate for the right channels and consumers. We also design business models in specific markets to ensure that we appropriately share the value created by our beverages with our bottling partners. We must also continue to build a supply chain network that leverages the size and scale of the Coca-Cola system to gain a competitive advantage.

Challenges and Risks

Being global provides unique opportunities for our Company. Challenges and risks accompany those opportunities. Our management has identified certain challenges and risks that demand the attention of the nonalcoholic beverage segment of the commercial beverage industry and our Company. Of these, five key challenges and risks are discussed below.

Obesity

The rates of obesity affecting communities, cultures and countries worldwide continue to be too high. There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. This concern represents a significant challenge to our industry. We understand and recognize that obesity is a complex public health challenge and are committed to being a part of the solution.

We recognize the uniqueness of consumers' lifestyles and dietary choices. Commercially, we continue to:

- offer reduced-, low- and no-calorie beverage options;
- provide transparent nutrition information, featuring calories on the front of most of our packages;
- provide our beverages in a range of packaging sizes; and
- market responsibly, including no advertising targeted to children under 12.

The heritage of our Company is to lead, and innovation is critical for leadership. As such, we are resolute in continuing to innovate and are committed to partnering to find winning solutions in the area of noncaloric sweeteners. This includes working to reduce sugar and calories in many of our beverages. We want to be a more helpful and credible partner in the fight against obesity. Across the Coca-Cola system, we are mobilizing our assets in marketing and in community outreach to increase awareness and spur action.

Evolving Consumer Preferences

We are impacted by shifting consumer demographics and needs, on-the-go lifestyles and consumers who are empowered with more information than ever. As a consequence of these changes, many consumers want more choices, personalization, a focus on sustainability and recyclability, and transparency related to our products and packaging. We are committed to meeting their needs and to generating new growth through our portfolio of more than 500 brands and more than 4,300 beverage products (including more than 1,400 low- and no-calorie products), new product offerings, innovative and sustainable packaging, and ingredient education efforts. We are also committed to continuing to expand the variety of choices we provide to consumers and to providing options that reflect consumer concerns about impacts to our planet.

Increased Competition and Capabilities in the Marketplace

Our Company faces strong competition from well-established, global companies as well as numerous regional and local companies. Additionally, the rapidly evolving digital landscape and growth of e-commerce has led to dramatic shifts in consumer shopping patterns and presents new challenges to competitively maintain the relevancy of our brands. We must continuously strengthen our capabilities in marketing and innovation in order to compete in a digital environment, maintain our brand loyalty and market share while we selectively expand into other profitable categories of the nonalcoholic beverage segment of the commercial beverage industry.

Product Safety and Quality

We strive to meet the highest standards in both product safety and product quality. We are aware that some consumers have concerns and negative viewpoints regarding certain ingredients used in our products. The Coca-Cola system works every day to share safe and refreshing beverages with consumers around the world. We have rigorous product and ingredient safety and quality standards designed to ensure safety and quality in each of our products, and we drive innovation that provides new beverage options to meet consumers' evolving needs and preferences. Across the Coca-Cola system, we take great care in an effort to ensure that every one of our beverages meets the highest standards for safety and quality.

We work to ensure consistent safety and quality through strong governance and compliance with applicable regulations and standards. We stay current with new regulations, industry best practices and marketplace conditions, and we engage with standard-setting and industry organizations. Additionally, we manufacture and distribute our products according to strict policies, requirements and specifications set forth in an integrated quality management program that continually measures all operations within the Coca-Cola system against the same stringent standards. Our quality management system also identifies and mitigates risks and drives improvement. In our quality laboratories, we stringently measure the quality attributes of ingredients as well as samples of finished products collected from the marketplace.

We perform due diligence to ensure that product and ingredient safety and quality standards are maintained in the more than 200 countries and territories where our products are sold. We regularly assess the relevance of our requirements and standards and continually work to improve and refine them across our entire supply chain.

Ingredient Quality and Quantity

Water quality and quantity is an issue that requires our Company's sustained attention and collaboration with other companies, suppliers, governments, nongovernmental organizations and communities where we operate. Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a critical natural resource facing unprecedented challenges from overexploitation, increased food demand, increasing pollution, poor management and the effects of climate change.

Our Company regularly assesses the specific water-related risks that we and many of our bottling partners face and has implemented a formal water risk management program. Mitigation of water risk forms the basis of our water stewardship strategic framework. This strategy is executed at the local level where we operate and includes the following elements: water use efficiency and wastewater treatment in manufacturing operations; shared watershed protection efforts; engaging local communities; and addressing water resource management in our agricultural ingredient supply chain. Such efforts are conducted in collaboration and partnership with others and are intended to help address local needs. Many of these efforts help us in achieving our goal of replenishing the water that we and our bottling partners source and use in our finished products. We are also collaborating with other companies, governments, nongovernmental organizations and communities to advocate for needed water policy reforms and action to protect water availability and quality around the world.

Through these integrated programs, we believe that our Company can leverage the water-related knowledge we have developed in the communities we serve through source water availability assessments and planning, water resource management, water treatment, wastewater treatment systems and models for working with communities and partners in addressing water and sanitation needs. As demand for water continues to increase around the world, we expect continued action on our part to help with the successful long-term stewardship of this critical natural resource, both for our business and the communities we serve.

In addition, increased demand for commodities and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients

for our products and could impact the food security of communities around the world. We are dedicated to implementing our sustainable sourcing commitment, which is founded on principles that protect the environment, uphold workplace rights and help build more sustainable communities. To support this commitment, our programs focus on economic opportunity, with an emphasis on

female farmers, and environmental sustainability designed to help address these agricultural challenges. Through joint efforts with farmers, communities, bottlers, suppliers and key partners, as well as our increased and continued investment in sustainable agriculture, we can together help make a positive strategic impact on food security.

All of these challenges and risks — obesity; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality; and ingredient quality and quantity — have the potential to have a material adverse effect on the nonalcoholic beverage segment of the commercial beverage industry and on our Company; however, we believe our Company is well positioned to appropriately address these challenges and risks.

See also "Item 1A. Risk Factors" in Part I of this report for additional information about risks and uncertainties facing our Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We believe our most critical accounting policies and estimates relate to the following:

- Principles of Consolidation
- Recoverability of Current and Noncurrent Assets
- Pension Plan Valuations
- Revenue Recognition
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of the Company's Board of Directors. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. For a discussion of the Company's significant accounting policies, refer to Note 1 of Notes to Consolidated Financial Statements.

Certain prior year amounts in Management's Discussion and Analysis of Financial Condition and Results of Operations have been revised to conform to the current year presentation as a result of the adoption of certain accounting standards that became effective January 1, 2018, as applicable. Refer to Note 1 of Notes to Consolidated Financial Statements for further details.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 12 of Notes to Consolidated Financial Statements. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $3,916 million and $4,523 million as of December 31, 2018 and 2017, respectively, representing our maximum

exposures to loss. The Company's investments, plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's investments, plus any loans and

guarantees, related to these VIEs totaled $49 million and $1 million as of December 31, 2018 and 2017, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Recoverability of Current and Noncurrent Assets

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate, particularly in developing and emerging markets. Refer to the heading "Our Business — Challenges and Risks" above and "Item 1A. Risk Factors" in Part I of this report. As a result, management must make numerous assumptions which involve a significant amount of judgment when completing recoverability and impairment tests of current and noncurrent assets in various regions around the world.

We perform recoverability and impairment tests of current and noncurrent assets in accordance with U.S. GAAP. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

Our equity method investees also perform such recoverability and/or impairment tests. If an impairment charge is recorded by one of our equity method investees, the Company records its proportionate share of such charge as a reduction of equity income (loss) — net in our consolidated statement of income. However, the actual amount we record with respect to our proportionate share of such charges may be impacted by items such as basis differences, deferred taxes and deferred gains.

The assessment of recoverability and the performance of impairment tests of current and noncurrent assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic life of the asset, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability of current and noncurrent assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe would be consistent with what a hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions occur in future periods, future impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Investments in Equity and Debt Securities

Effective January 1, 2018, we adopted Accounting Standards Update ("ASU") *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which requires us to measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in earnings. We use quoted market prices to determine the fair values of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a

similar investment of the same issuer. Management assesses each of these investments on an individual basis. We recognized a cumulative effect adjustment of $409 million, net of tax, to increase the

opening balance of reinvested earnings with an offset to accumulated other comprehensive income (loss) ("AOCI") as of January 1, 2018 in connection with the adoption of ASU 2016-01. Refer to Note 1 of Notes to Consolidated Financial Statements.

Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as either trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in AOCI, net of tax. Equity securities without readily determinable fair values were recorded at cost.

Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of AOCI, except for the change in fair value attributable to the currency risk being hedged, if applicable, which is included in net income.

The following table presents the carrying values of our investments in equity and debt securities (in millions):

December 31, 2018		Carrying Value	Percentage of Total Assets
Equity method investments	$	19,407	23 %
Debt securities classified as available-for-sale		4,993	6
Equity securities with readily determinable fair values		1,934	2
Debt securities classified as trading		44	*
Equity securities without readily determinable fair values		80	*
Total	$	26,458	32 %

* Accounts for less than 1 percent of the Company's total assets.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Similarly, prior to the adoption of ASU 2016-01, equity investments classified as trading were not tested for impairment. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are, and prior to the adoption of ASU 2016-01 equity securities classified as available-for-sale and cost method investments were, reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe hypothetical marketplace participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

During 2018 and 2017, we recognized other-than-temporary impairment charges related to certain of our equity method investees of $591 million and $50 million, respectively. Refer to Note 17 of Notes to Consolidated Financial Statements.

The following table presents the difference between calculated fair values, based on quoted closing prices of publicly traded shares, and our Company's cost basis in investments in publicly traded companies accounted for under the equity method (in millions):

December 31, 2018		Fair Value		Carrying Value		**Difference**
Monster Beverage Corporation	$	5,026	$	3,573	**$**	**1,453**
Coca-Cola European Partners plc		4,033		3,551		**482**
Coca-Cola FEMSA, S.A.B. de C.V.		3,401		1,714		**1,687**
Coca-Cola HBC AG		2,681		1,260		**1,421**
Coca-Cola Amatil Limited		1,325		656		**669**
Coca-Cola Bottlers Japan Holdings Inc.[1]		978		1,142		**(164)**
Embotelladora Andina S.A.		497		263		**234**
Coca–Cola Consolidated, Inc.[2]		440		138		**302**
Coca-Cola İçecek A.Ş.		299		174		**125**
Total	$	18,680	$	12,471	**$**	**6,209**

[1] The carrying value of our investment in Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI") exceeded its fair value as of December 31, 2018. Based on the length of time and the extent to which the market value has been less than our cost basis and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge.

[2] Formerly known as Coca-Cola Bottling Co. Consolidated.

Other Assets

Our Company invests in infrastructure programs with our bottlers that are directed at strengthening our bottling system and increasing unit case volume. Additionally, our Company advances payments to certain customers for distribution rights as well as to fund future marketing activities intended to generate profitable volume, and we expense such payments over the periods benefited. Payments under these programs are generally capitalized and reported in the line item prepaid expenses and other assets or other assets, as appropriate, in our consolidated balance sheet. When facts and circumstances indicate that the carrying value of these assets or asset groups may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. During the year ended December 31, 2017, the Company recorded an impairment charge of $19 million related to CCR's other assets. Refer to Note 17 of Notes to Consolidated Financial Statements.

Property, Plant and Equipment

As of December 31, 2018, the carrying value of our property, plant and equipment, net of depreciation, was $8,232 million, or 10 percent of our total assets. Certain events or changes in circumstances may indicate that the recoverability of the carrying amount or remaining useful life of property, plant and equipment should be assessed, including, among others, the manner or length of time in which the Company intends to use the asset, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions we believe a hypothetical marketplace participant would use. During the year ended December 31, 2018 and December 31, 2017, the Company recorded impairment charges of $312 million and $310 million, respectively, related to CCR's property, plant and equipment. Refer to Note 17 of Notes to Consolidated Financial Statements.

Goodwill, Trademarks and Other Intangible Assets

Intangible assets are classified into one of three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. For intangible assets with definite lives, tests for impairment must be performed if conditions exist that indicate the carrying value may not be recoverable. For intangible assets with indefinite lives and goodwill, tests for impairment must be performed at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The following table presents the carrying values of intangible assets included in our consolidated balance sheet (in millions):

December 31, 2018		Carrying Value	Percentage of Total Assets
Goodwill	$	10,263	12 %
Trademarks with indefinite lives		6,682	8
Bottlers' franchise rights with indefinite lives		51	*
Definite-lived intangible assets, net		168	*
Other intangible assets not subject to amortization		106	*
Total	$	17,270	21 %

* Accounts for less than 1 percent of the Company's total assets.

The assessment of recoverability and the performance of impairment tests of intangible assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic life of the asset, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability of intangible assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe would be consistent with what a hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions exist in future periods, future impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Intangible assets acquired in recent transactions are naturally more susceptible to impairment, primarily due to the fact that they are recorded at fair value based on recent operating plans and macroeconomic conditions present at the time of acquisition. Consequently, if operating results and/or macroeconomic conditions deteriorate shortly after an acquisition, it could result in the impairment of the acquired assets. A deterioration of macroeconomic conditions may not only negatively impact the estimated operating cash flows used in our cash flow models but may also negatively impact other assumptions used in our analyses, including, but not limited to, the estimated cost of capital and/or discount rates. Additionally, as discussed above, in accordance with U.S. GAAP, we are required to ensure that assumptions used to determine fair value in our analyses are consistent with the assumptions that we believe a hypothetical marketplace participant would use. As a result, the cost of capital and/or discount rates used in our analyses may increase or decrease based on market conditions and trends, regardless of whether our Company's actual cost of capital has changed. Therefore, if the cost of capital and/or discount rates change, our Company may recognize an impairment of an intangible asset in spite of realizing actual cash flows that are approximately equal to, or greater than, our previously forecasted amounts.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of

geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a hypothetical marketplace participant would use. The Company has the option to perform a qualitative assessment of goodwill rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further assessment.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset or asset group, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

We test indefinite-lived intangible assets, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that an asset may be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

During 2018, the Company recorded impairment charges of $138 million related to certain intangible assets. These charges included $100 million related to bottlers' franchise rights with indefinite lives and $38 million related to definite-lived intangible assets. Refer to Note 17 of Notes to Consolidated Financial Statements.

During 2017, the Company recorded impairment charges of $457 million related to certain intangible assets. These charges included $390 million related to goodwill and $33 million related to bottlers' franchise rights with indefinite lives. As a result of these charges, the carrying value of CCR's goodwill is zero. Additionally, we recorded impairment charges of $34 million related to Venezuelan intangible assets. As a result of these charges, the carrying value of these assets is zero. Refer to Note 17 of Notes to Consolidated Financial Statements.

During 2016, the Company recorded charges of $153 million related to certain intangible assets. These charges included $143 million related to the impairment of certain U.S. bottlers' franchise rights and $10 million related to the impairment of goodwill. Refer to Note 17 of Notes to Consolidated Financial Statements.

Pension Plan Valuations

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates and participate in multi-employer pension plans in the United States. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

Management is required to make certain critical estimates related to actuarial assumptions used to determine our pension expense and obligations. We believe the most critical assumptions are related to (1) the discount rate used to determine the present value of the liabilities and (2) the expected long-term rate of return on plan assets. All of our actuarial assumptions are reviewed annually, or more frequently to the extent that a settlement or curtailment occurs. Changes in these assumptions could have a material impact on the measurement of our pension expense and obligations.

At each measurement date, we determine the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future payments we anticipate making under the plans.

As of December 31, 2018 and 2017, the weighted-average discount rate used to compute our pension obligations was 4.00 percent and 3.50 percent, respectively.

The Company measures the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows.

The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our long-term rates. Our pension plan investment objective is to ensure all of our plans have sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to improve returns and manage risk. The weighted-average expected long-term rate of return used to calculate our pension expense was 8.00 percent, 8.00 percent and 8.25 percent in 2018, 2017 and 2016, respectively.

In 2018, the Company's total pension expense related to defined benefit plans was $145 million, which included $107 million of net periodic benefit income and $252 million of settlement charges, curtailment charges and special termination benefit costs. In 2019, we expect our total pension income to be approximately $11 million. We currently do not expect to incur any settlement charges or special termination benefit costs in 2019. The decrease in 2019 expected net periodic benefit income is primarily due to unfavorable asset performance in 2018, partially offset by an increase in the weighted-average discount rate at December 31, 2018 compared to December 31, 2017. The estimated impact of a 50 basis-point decrease in the discount rate would result in a $19 million decrease in our 2019 net periodic benefit income. Additionally, the estimated impact of a 50 basis-point decrease in the expected long-term rate of return on plan assets would result in a $23 million decrease in our 2019 net periodic benefit income.

The sensitivity information provided above is based only on changes to the actuarial assumptions used for our U.S. pension plans. As of December 31, 2018, the Company's primary U.S. pension plan represented 62 percent of both the Company's consolidated projected benefit obligation and plan assets. Refer to Note 14 of Notes to Consolidated Financial Statements for additional information about our pension plans and related actuarial assumptions.

Revenue Recognition

Effective January 1, 2018, we adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"). Refer to Note 3 of Notes to Consolidated Financial Statements. Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Once control is transferred to the customer, we have completed our performance obligation, and revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In some markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we work with our bottling partners to develop and implement an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrate are sold, and package mix. The amounts associated with the arrangements described above are defined as variable consideration under ASC 606 and an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates.

Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectibility was reasonably assured. For our Company, this generally meant that we recognized revenue when title to our products was transferred to our bottling partners, resellers or

other customers. Title usually transferred upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of each transaction. Our sales terms did not allow for a right of return except for matters related to any manufacturing defects on our part. Our customers could earn certain incentives which were included in deductions from revenue, a component of net operating revenues in our consolidated statement of income. These incentives included, but were not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. In preparing the financial statements, management made estimates related to the contractual terms, customer performance and sales volume to determine the total amounts recorded as deductions from revenue. Management also considered past results in making such estimates. The actual amounts ultimately paid may have been different from our estimates. Such differences were recorded once they were determined and historically were not significant. Refer to Note 3 of Notes to Consolidated Financial Statements for additional information.

Income Taxes

Our annual effective tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax expense and in evaluating our tax positions. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that the position becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without considerations of the possibility of offset or aggregation with other tax positions taken. We adjust these reserves, including any impact on the related interest and penalties, in light of changing facts and circumstances, such as the progress of a tax audit. Refer to the heading "Operations Review — Income Taxes" below and Note 15 of Notes to Consolidated Financial Statements.

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the IRS for the tax years 2007 through 2009, after a five-year audit. In the Notice, the IRS claimed that the Company's United States taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period, plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in overseas markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement that applied back to 1987. The closing agreement provided prospective penalty protection conditioned on the Company's continued adherence to the prescribed methodology absent change in material facts and circumstances and relevant federal tax law. Although the IRS subsequently asserted, without explanation, that material facts and circumstances and relevant federal tax law had changed, it has not asserted penalties. The Company's compliance with the closing agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the 1996 closing agreement. The IRS designated the matter for litigation on October 15, 2015. To the extent the matter remains designated, the Company will be prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The U.S. Tax Court trial was held from March 8, 2018 through May 11, 2018. The Company and the IRS filed and exchanged final post-trial briefs in February 2019. It is not known how much time will elapse thereafter prior to the issuance of the Court's

decision. In the interim, or subsequent to the Tax Court's decision, the IRS may propose similar adjustments for years subsequent to the 2007-2009 litigation period. While the Company continues to strongly disagree with the IRS' position, there is no assurance that the U.S. Tax Court will rule in the Company's favor, and it is possible that all or some portion of the adjustment proposed by the IRS Notice ultimately could be sustained. In that event, the Company will be subject to significant additional liabilities for the years at issue and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations and cash flows.

The Company regularly assesses the likelihood of adverse outcomes resulting from tax disputes such as this and other examinations for all open years to determine the adequacy of its tax reserves. Any such adjustments related to years prior to 2018, either in the litigation period or later, may have an impact on the transition tax payable as part of the Tax Cuts and Jobs Act of 2017.

A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Settlement of any particular issue would usually require the use of cash.

Tax law requires items to be included in the tax return at different times than when these items are reflected in the consolidated financial statements. As a result, the annual effective tax rate reflected in our consolidated financial statements is different from that reported in our tax return (our cash tax rate). Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences reverse over time, such as depreciation expense. These timing differences create deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities. The tax rates used to determine deferred tax assets or liabilities are the enacted tax rates in effect for the year and manner in which the differences are expected to reverse. Based on the evaluation of all available information, the Company recognizes future tax benefits, such as net operating loss carryforwards, to the extent that realizing these benefits is considered more likely than not.

We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing our forecasted taxable income using both historical and projected future operating results; the reversal of existing taxable temporary differences; taxable income in prior carryback years (if permitted); and the availability of tax planning strategies. A valuation allowance is required to be established unless management determines that it is more likely than not that the Company will ultimately realize the tax benefit associated with a deferred tax asset. As of December 31, 2018, the Company's valuation allowances on deferred tax assets were $399 million and were primarily related to uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards generated in various jurisdictions. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes it will generate sufficient future taxable income to realize the tax benefits related to the remaining deferred tax assets in our consolidated balance sheet.

The Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign subsidiaries to the extent that the basis difference, which primarily results from earnings, meets the indefinite reversal criteria. These criteria are met if the foreign subsidiary has invested, or will invest, the undistributed earnings indefinitely. The decision as to the amount of undistributed earnings that the Company intends to maintain in non-U.S. subsidiaries takes into account items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans, capital improvement programs, merger and acquisition plans, and planned loans to other non-U.S. subsidiaries. The Company also evaluates its expected cash requirements in the United States. Other factors that can influence that determination are local restrictions on remittances (for example, in some countries a central bank application and approval are required in order for the Company's local country subsidiary to pay a dividend), economic stability and asset risk. Refer to Note 15 of Notes to Consolidated Financial Statements.

The Tax Reform Act was signed into law on December 22, 2017. Among other things, the Tax Reform Act reduces the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent effective for tax years beginning after December 31, 2017, transitions the U.S. method of taxation from a worldwide tax system to a modified territorial system and requires companies to pay a one-time transition tax over a period of eight years on the mandatory deemed

repatriation of prescribed foreign earnings as of December 31, 2017. The one-time transition tax is based on our total accumulated post-1986 prescribed foreign earnings and profits ("E&P") of approximately $41 billion. Most of this amount comprises unremitted foreign earnings, upon which no

U.S. federal or state income tax had been accrued, because they were considered to have been indefinitely reinvested. At December 31, 2017, following enactment of the Tax Reform Act, we recorded a provisional $4.6 billion tax reflecting our best estimate of the one-time deemed repatriation tax liability as of December 31, 2017, and a $0.6 billion provisional deferred tax liability related to foreign withholding taxes and state income taxes on earnings no longer considered to be indefinitely reinvested.

During 2018, we recorded a net tax expense from the impact of the Tax Reform Act. As permitted by SAB 118, we had recorded provisional adjustments to our reasonable estimate of the impact of the Tax Reform Act during the 2018 measurement period pursuant to our analysis of contemporaneous guidance, interpretations and data, and we have finalized that analysis based on such information available as of December 31, 2018. As such, we recorded an additional $0.3 billion in tax for our one-time transition tax and a tax benefit of $0.3 billion, primarily related to a reduction in deferred taxes on related withholding taxes and state income taxes in 2018. We also remeasured and adjusted certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21.0 percent. This adjustment was not significant. We have not recorded incremental income taxes for any additional outside basis differences of approximately $8.1 billion in our investments in foreign subsidiaries, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any additional outside basis differences in these entities is not practicable.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. An accounting policy election is available to either account for the tax effects of GILTI in the period that is subject to such taxes or to provide deferred taxes for book and tax basis differences that upon reversal may be subject to such taxes. We have elected to account for the tax effects of these provisions in the period that is subject to such tax and the impact is reflected in our full year provision.

Based on current tax laws, the Company's effective tax rate in 2019 is expected to be approximately 19.5 percent before considering the potential impact of any significant operating and nonoperating items that may affect our effective tax rate.

Operations Review

Our organizational structure as of December 31, 2018 consisted of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; and Bottling Investments. Our operating structure also included Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence. For further information regarding our operating segments, refer to Note 20 of Notes to Consolidated Financial Statements.

Structural Changes, Acquired Brands and Newly Licensed Brands

In order to continually improve upon the Company's operating performance, from time to time, we engage in buying and selling ownership interests in bottling partners and other manufacturing operations. In addition, we also acquire brands or enter into license agreements for certain brands to supplement our beverage offerings. These items impact our operating results and certain key metrics used by management in assessing the Company's performance.

Unit case volume growth is a metric used by management to evaluate the Company's performance because it measures demand for our products at the consumer level. The Company's unit case volume represents the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers and, therefore, reflects unit case volume for both consolidated and unconsolidated bottlers. Refer to the heading "Beverage Volume" below.

Concentrate sales volume represents the amount of concentrates, syrups, beverage bases, source waters, and powders/minerals (in all instances expressed in equivalent unit cases) sold by, or used in finished products sold by, the Company to its bottling partners or other customers. Refer to the heading "Beverage Volume" below.

Our Bottling Investments operating segment and our other finished product operations typically generate net operating revenues by selling sparkling soft drinks and a variety of other beverages, such as juices, juice drinks, sports drinks, waters, teas and coffees, to retailers or to distributors, wholesalers and bottling partners who distribute them to retailers. In addition, in the United States, we manufacture fountain syrups and sell them to fountain retailers such as restaurants and convenience stores who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. For these consolidated finished product operations, we recognize the associated concentrate sales volume at

the time the unit case or unit case equivalent is sold to the customer. Our concentrate operations typically generate net operating revenues by selling concentrates and syrups to authorized bottling operations. For

these concentrate operations, we recognize concentrate revenue and concentrate sales volume when we sell concentrate and syrups to the authorized unconsolidated bottling operations, and we typically report unit case volume when finished products manufactured from the concentrates and syrups are sold to the customer. When we analyze our net operating revenues we generally consider the following five factors: (1) volume growth (concentrate sales volume or unit case volume, as applicable); (2) acquisitions and divestitures (including structural changes defined below), as applicable; (3) changes in price, product and geographic mix; (4) foreign currency fluctuations; and (5) the impact of our adoption of the new revenue recognition accounting standard. Refer to the heading "Net Operating Revenues" below.

We generally refer to acquisitions and divestitures of bottling and distribution operations as structural changes, which are a component of acquisitions and divestitures ("structural changes"). Typically, structural changes do not impact the Company's unit case volume or concentrate sales volume on a consolidated basis or at the geographic operating segment level. We recognize unit case volume for all sales of Company beverage products regardless of our ownership interest in the bottling partner, if any. However, the unit case volume reported by our Bottling Investments operating segment is generally impacted by structural changes because it only includes the unit case volume of our consolidated bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Company's acquisitions and divestitures.

"Acquired brands" refers to brands acquired during the past 12 months. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to acquired brands in periods prior to the closing of a transaction. Therefore, the unit case volume and concentrate sales volume from the sale of these brands is incremental to prior year volume. We do not generally consider acquired brands to be structural changes.

"Licensed brands" refers to brands not owned by the Company, but for which we hold certain rights, generally including, but not limited to, distribution rights, and from which we derive an economic benefit when these brands are ultimately sold. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to these brands in periods prior to the beginning of the term of a license agreement. Therefore, in the year that the licenses are entered into, the unit case volume and concentrate sales volume from the sale of these brands is incremental to prior year volume. We do not generally consider newly licensed brands to be structural changes.

In 2018, the Company acquired a controlling interest in the Philippine bottling operations, which was previously accounted for as an equity method investee. The impact of this acquisition has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments and Asia Pacific operating segments. The Company also acquired a controlling interest in the franchise bottler in Oman. The impact of this acquisition has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments operating segment.

In 2018, the Company refranchised our Canadian and Latin American bottling operations. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our North America, Latin America and Bottling Investments operating segments. In addition, for non-Company-owned and licensed brands sold in the Canadian refranchised territories for which the Company no longer reports unit case volume, we have eliminated the unit case volume from the base year when calculating 2018 versus 2017 volume growth rates on a consolidated basis as well as for the North America and Bottling Investments operating segments. Refer to the headings "Beverage Volume" and "Net Operating Revenues" below.

In 2017, Anheuser-Busch InBev's ("ABI") controlling interest in Coca-Cola Beverages Africa Proprietary Limited ("CCBA") was transitioned to the Company, resulting in its consolidation. The results of CCBA have been recorded as discontinued operations. The impact of this transaction has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Europe, Middle East and Africa operating segment.

Also in 2017, the Company refranchised its bottling operations in China to the two local franchise bottlers. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Asia Pacific and Bottling Investments operating segments.

Throughout 2017 and 2016, the Company refranchised bottling territories in the United States that were previously managed by CCR to certain of our unconsolidated bottling partners. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our North America and Bottling Investments operating segments. In addition, for non-Company-owned and licensed brands sold in the refranchised territories for which the Company no longer reports unit case volume, we have eliminated the unit case volume from the applicable base year when calculating volume growth rates on a consolidated basis as well as for the North America and Bottling Investments operating segments.

During 2016, the Company deconsolidated its South African bottling operations and disposed of its related equity method investment in exchange for equity method investments in CCBA and CCBA's South African subsidiary. As part of the

transaction, the Company also acquired and licensed several brands. The impacts of the deconsolidation, the disposal of the related equity method investment, and the new equity method investments have been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Europe, Middle East and Africa and Bottling Investments operating segments. The brands and licenses that the Company acquired impacted the Company's unit case volume and concentrate sales volume and therefore, in addition to being included as a structural change, they are also considered acquired brands.

During 2016, the Company also deconsolidated our German bottling operations as a result of their being combined to create CCEP. As a result of the transaction, the Company now owns an equity method investment in CCEP. Accordingly, the impact of the deconsolidation and new equity method investment has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Europe, Middle East and Africa and Bottling Investments operating segments. The Company also changed our funding arrangement with our bottling partners in China, which resulted in a reduction in net operating revenues with an offsetting reduction in direct marketing expense. The impact of the change in the arrangement has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Asia Pacific operating segment.

The Company sells concentrates and syrups to both consolidated and unconsolidated bottling partners. The ownership structure of our bottling partners impacts the timing of recognizing concentrate revenue and concentrate sales volume. When we sell concentrates or syrups to our consolidated bottling partners, we are not able to recognize the concentrate revenue or concentrate sales volume until the bottling partner has sold finished products manufactured from the concentrates or syrups to a third party or independent customer. When we sell concentrates or syrups to our unconsolidated bottling partners, we recognize the concentrate revenue and concentrate sales volume when the concentrates or syrups are sold to the bottling partner. The subsequent sale of the finished products manufactured from the concentrates or syrups to a third party or independent customer does not impact the timing of recognizing the concentrate revenue or concentrate sales volume. When we account for an unconsolidated bottling partner as an equity method investment, we eliminate the intercompany profit related to these transactions to the extent of our ownership interest until the equity method investee has sold finished products manufactured from the concentrates or syrups to a third party or independent customer.

Beverage Volume

We measure the volume of Company beverage products sold in two ways: (1) unit cases of finished products and (2) concentrate sales. As used in this report, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings); and "unit case volume" means the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers. Unit case volume primarily consists of beverage products bearing Company trademarks. Also included in unit case volume are certain products licensed to, or distributed by, our Company, and brands owned by Coca-Cola system bottlers for which our Company provides marketing support and from the sale of which we derive economic benefit. In addition, unit case volume includes sales by certain joint ventures in which the Company has an equity interest. 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. The unit case volume numbers used in this report are derived based on estimates received by the Company from its bottling partners and distributors. Concentrate sales volume represents the amount of concentrates, syrups, beverage bases, source waters and powders/minerals (in all instances expressed in equivalent unit cases) sold by, or used in finished beverages sold by, the Company to its bottling partners or other customers. Unit case volume and concentrate sales volume growth rates are not necessarily equal during any given period. Factors such as seasonality, bottlers' inventory practices, supply point changes, timing of price increases, new product introductions and changes in product mix can impact unit case volume and concentrate sales volume and can create differences between unit case volume and concentrate sales volume growth rates. In addition to the items mentioned above, the impact of unit case volume from certain joint ventures in which the Company has an equity interest but to which the Company does not sell concentrates, syrups, beverage bases, source waters or powders/minerals may give rise to differences between unit case volume and concentrate sales volume growth rates.

Information about our volume growth worldwide and by operating segment is as follows:

	Percent Change			
	2018 versus 2017		2017 versus 2016	
Year Ended December 31,	**Unit Cases[1,2]**	**Concentrate Sales**	Unit Cases[1,2]	Concentrate Sales
Worldwide	**2 %**	**3 %**	— %	— %
Europe, Middle East & Africa	**2 %**	**6 %** [4]	1 %	1 % [8]
Latin America	**—**	**1**	(2)	(3)
North America	**1**	**(1)** [5]	—	2 [9]
Asia Pacific	**4**	**4** [6]	1	4 [10]
Bottling Investments	**(15)** [3]	**N/A**	(41) [7]	N/A

[1] Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only.

[2] Geographic operating segment data reflects unit case volume growth for all bottlers, both consolidated and unconsolidated, and distributors in the applicable geographic areas.

[3] After considering the impact of structural changes, unit case volume for Bottling Investments for the year ended December 31, 2018 grew 11 percent.

[4] After considering the impact of structural changes, concentrate sales volume for Europe, Middle East and Africa for the year ended December 31, 2018 grew 4 percent.

[5] After considering the impact of structural changes, concentrate sales volume for North America for the year ended December 31, 2018 grew 1 percent.

[6] After considering the impact of structural changes, concentrate sales volume for Asia Pacific for the year ended December 31, 2018 grew 5 percent.

[7] After considering the impact of structural changes, unit case volume for Bottling Investments for the year ended December 31, 2017 declined 3 percent.

[8] After considering the impact of structural changes, concentrate sales volume for Europe, Middle East and Africa for the year ended December 31, 2017 grew 2 percent.

[9] After considering the impact of structural changes, concentrate sales volume for North America for the year ended December 31, 2017 was even.

[10] After considering the impact of structural changes, concentrate sales volume for Asia Pacific for the year ended December 31, 2017 grew 1 percent.

Unit Case Volume

The Coca-Cola system sold 29.6 billion, 29.2 billion and 29.3 billion unit cases of our products in 2018, 2017 and 2016, respectively. The unit case volume for 2018, 2017 and 2016 reflects the impact of brands acquired and licensed during the applicable year. The unit case volume for 2018, 2017 and 2016 also reflects the impact of the transfer of distribution rights with respect to non-Company-owned brands that were previously licensed to us in North American bottling territories that have since been refranchised. The Company eliminated the unit case volume related to these structural changes from the base year, as applicable, when calculating 2018 versus 2017 and 2017 versus 2016 unit case volume growth rates.

Sparkling soft drinks represented 69 percent of our worldwide unit case volume for 2018, 2017 and 2016. Trademark Coca-Cola accounted for 45 percent of our worldwide unit case volume for 2018, 2017 and 2016.

In 2018, unit case volume in the United States represented 18 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 62 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume.

Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume for 2018. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and Japan, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit

case volume, 70 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 46 percent of non-U.S. unit case volume.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Unit case volume in Europe, Middle East and Africa grew 2 percent, which included growth of 2 percent in sparkling soft drinks and 3 percent in water, enhanced water and sports drinks. Growth in sparkling soft drinks was primarily driven by 2 percent growth in Trademark Coca-Cola and 3 percent growth in Trademark Fanta. The group reported increases in unit case volume in the Central & Eastern Europe; Turkey, Caucasus & Central Asia; and Middle East & North Africa business units.

The unit case volume growth in these business units was partially offset by a decline in the West Africa business unit. Volume in the South & East Africa and Western Europe business units was even.

In Latin America, unit case volume was even, which included growth of 4 percent in juice, dairy and plant-based beverages and 1 percent in water, enhanced water and sports drinks. Sparkling soft drinks volume was even. The group's volume reflected growth of 1 percent in each of the Mexico, Brazil and Latin Center business units, offset by a 4 percent decline in the South Latin business unit. The growth in Mexico's volume was primarily driven by 1 percent growth in sparkling soft drinks and 8 percent growth in juice, dairy and plant-based beverages. The decline in South Latin's volume was driven by a 4 percent decline in sparkling soft drinks.

Unit case volume in North America grew 1 percent. Sparkling soft drinks grew 1 percent, which included growth of 3 percent in Trademark Sprite and 1 percent in Trademark Coca-Cola. Unit case volume in water, enhanced water and sports drinks grew 2 percent, primarily driven by 2 percent growth in packaged water and 1 percent growth in sports drinks. Growth in these category clusters was partially offset by a 3 percent decline in juice, dairy and plant-based beverages.

In Asia Pacific, unit case volume grew 4 percent, reflecting 4 percent growth in sparkling soft drinks, 5 percent growth in water, enhanced water and sports drinks, and 4 percent growth in tea and coffee. Growth in sparkling soft drinks volume included 5 percent growth in Trademark Coca-Cola and 6 percent growth in Trademark Sprite. Volume within the water, enhanced water and sports drinks category cluster included growth of 7 percent in packaged water. The group's volume reflects growth of 6 percent in the Greater China & Korea business unit, 10 percent in the India & South West Asia business unit and 1 percent in the Japan business unit. Volume in the South Pacific and ASEAN business units was even.

Unit case volume for Bottling Investments declined 15 percent. This decrease primarily reflects the impact of refranchising activities, partially offset by growth in India as well as the impact of bottler acquisitions. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

In Europe, Middle East and Africa, unit case volume grew 1 percent, reflecting an 8 percent increase in tea and coffee, a 5 percent increase in water, enhanced water and sports drinks and a 1 percent increase in sparkling soft drinks. These increases were partially offset by a decrease of 3 percent in juice, dairy and plant-based beverages. The group reported increases in unit case volume in our Central & Eastern Europe, Turkey, Caucasus & Central Asia, South & East Africa and West Africa business units. The increases in these business units were partially offset by even results in both our Middle East & North Africa and Western Europe business units.

Unit case volume in Latin America decreased 2 percent, which included declines of 3 percent in sparkling soft drinks and 1 percent in water, enhanced water and sports drinks. The group's volume reflected declines of 10 percent in the Latin Center business unit and 6 percent in the Brazil business unit. These declines were partially offset by 1 percent growth in the Mexico business unit, which included 1 percent growth in water, enhanced water and sports drinks, and even performance in sparkling soft drinks.

In North America, unit case volume was even, reflecting even volume for sparkling soft drinks, a 2 percent decline in water, enhanced water and sports drinks, and growth in energy drinks. North America's volume performance in sparkling soft drinks included 4 percent growth in Trademark Sprite and 5 percent growth in Trademark Fanta offset by a 5 percent decline in Diet Coke.

Unit case volume in Asia Pacific increased 1 percent, reflecting a 2 percent increase in both sparkling soft drinks and juice, dairy and plant-based beverages. The increase in sparkling soft drinks included 4 percent growth in Trademark Coca-Cola. The group's unit case volume reflected an increase of 2 percent in both the ASEAN and Greater China & Korea business units and a 1 percent increase in the India & South West Asia business unit, partially offset by a 2 percent decline in the South Pacific business unit. Unit case volume in the Japan business unit was even.

Unit case volume for Bottling Investments decreased 41 percent. This decrease primarily reflects the North America refranchising activities and the refranchising of our China bottling operations.

Concentrate Sales Volume

In 2018, worldwide unit case sales volume grew 2 percent and concentrate sales volume grew 3 percent compared to 2017. In 2017, worldwide concentrate sales volume and unit case volume were both even compared to 2016. The differences between concentrate sales volume and unit case volume growth rates on a consolidated basis and for the operating segments were primarily due to the timing of concentrate shipments, structural changes and the impact of unit case volume from certain joint ventures in which the Company has an equity interest, but to which the Company does not sell concentrates, syrups, beverage bases or powders. The difference between the unit case volume and

concentrate sales volume growth rates in 2018 for both worldwide and Europe, Middle East and Africa included the impact of the dissolution of Beverage Partners Worldwide

("BPW"), a former tea joint venture to whom we did not sell concentrate. The BPW joint venture was replaced by the launch of Fuze Tea, for which the Company produces and sells the related concentrate.

Analysis of Consolidated Statements of Income

Year Ended December 31,	2018	2017	2016	Percent Change 2018 vs. 2017	Percent Change 2017 vs. 2016
(In millions except percentages and per share data)					
NET OPERATING REVENUES	**$ 31,856**	$ 35,410	$ 41,863	**(10)%**	(15)%
Cost of goods sold	**11,770**	13,255	16,465	**(11)**	(19)
GROSS PROFIT	**20,086**	22,155	25,398	**(9)**	(13)
GROSS PROFIT MARGIN	**63.1 %**	62.6 %	60.7 %		
Selling, general and administrative expenses	**10,307**	12,654	15,370	**(19)**	(18)
Other operating charges	**1,079**	1,902	1,371	**(43)**	39
OPERATING INCOME	**8,700**	7,599	8,657	**14**	(12)
OPERATING MARGIN	**27.3 %**	21.5 %	20.7 %		
Interest income	**682**	677	642	**1**	6
Interest expense	**919**	841	733	**9**	15
Equity income (loss) — net	**1,008**	1,071	835	**(6)**	28
Other income (loss) — net	**(1,121)**	(1,764)	(1,265)	**36**	(39)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**8,350**	6,742	8,136	**24**	(17)
Income taxes from continuing operations	**1,623**	5,560	1,586	**(71)**	251
Effective tax rate	**19.4 %**	82.5 %	19.5 %		
NET INCOME FROM CONTINUING OPERATIONS	**6,727**	1,182	6,550	**469**	(82)
Income (loss) from discontinued operations (net of income taxes of $126, $47 and $0, respectively)	**(251)**	101	—	*	*
CONSOLIDATED NET INCOME	**6,476**	1,283	6,550	**405**	(80)
Less: Net income attributable to noncontrolling interests	**42**	35	23	**22**	55
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 6,434**	$ 1,248	$ 6,527	**416%**	(81)%

* Calculation is not meaningful.

Net Operating Revenues

Year Ended December 31, 2018 versus Year Ended December 31, 2017

The Company's net operating revenues decreased $3,554 million, or 10 percent.

The following table illustrates, on a percentage basis, the estimated impact of key factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2018 versus 2017					
	Volume[1]	Acquisitions & Divestitures	Price, Product & Geographic Mix	Currency Fluctuations	Accounting Changes	**Total**
Consolidated	3 %	(16 %)	2 %	(1 %)	2 %	**(10 %)**
Europe, Middle East & Africa	4 %	1 %	3 %	(1 %)	(3 %)	**4 %**
Latin America	1	—	10	(9)	(3)	**—**
North America	1	(1)	—	—	11	**9**
Asia Pacific	5	(1)	—	1	(5)	**—**
Bottling Investments	11	(78)	—	—	3	**(64)**

Note: Certain rows may not add due to rounding.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments (expressed in equivalent unit cases) after considering the impact of structural changes. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

Refer to the heading "Beverage Volume" above for additional information related to changes in our unit case and concentrate sales volumes.

"Acquisitions and divestitures" refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above for additional information related to the structural changes.

"Price, product and geographic mix" refers to the change in net operating revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred.

"Accounting changes" refers to the impact of our adoption of the new revenue recognition accounting standard. Refer to Note 3 of Notes to Consolidated Financial Statements.

Price, product and geographic mix had a 2 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorable price mix in all of the segment's business units as well as favorable product and package mix;
- Latin America — favorable price mix and the impact of inflationary environments in certain markets;
- North America — favorable pricing initiatives, offset by incremental freight costs;
- Asia Pacific — favorably impacted as a result of pricing initiatives as well as product and package mix, offset by geographic mix; and
- Bottling Investments — unfavorable price, product and package mix in certain bottling operations, offset by geographic mix.

Foreign currency fluctuations decreased our consolidated net operating revenues by 1 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the Argentine peso, Mexican peso, Brazilian real and Australian dollar which had an unfavorable impact on our Latin America and Asia Pacific operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, British pound sterling, Japanese yen and South African rand which had a favorable impact on our Europe, Middle East and Africa and Asia Pacific operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Net operating revenue growth rates are impacted by sales volume; acquisitions and divestitures; price, product and geographic mix; and foreign currency fluctuations. The size and timing of acquisitions and divestitures are not consistent from period to period. The Company currently expects acquisitions and divestitures to have a favorable impact of 8 percent to 9 percent on full year 2019 net operating revenues. Based on current spot rates and our hedging coverage in place, we expect currencies will have an unfavorable impact on our full year 2019 net operating revenues.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

The Company's net operating revenues decreased $6,453 million, or 15 percent.

The following table illustrates, on a percentage basis, the estimated impact of key factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2017 vs. 2016				
	Volume[1]	Acquisitions & Divestitures	Price, Product & Geographic Mix	Currency Fluctuations	**Total**
Consolidated	— %	(17 %	3 %	(1 %	**(15 %**
Europe, Middle East & Africa	2 %	(2 %	3 %	(2 %	**1 %**
Latin America	(3)	—	8	—	**5**
North America	—	2	3	—	**4**
Asia Pacific	1	—	(1)	(4)	**(2)**
Bottling Investments	(3)	(48)	4	—	**(47)**

Note: Certain rows may not add due to rounding.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments (expressed in equivalent unit cases) after considering the impact of structural changes. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

Price, product and geographic mix had a 3 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorably impacted as a result of pricing initiatives and product and package mix, partially offset by geographic mix;
- Latin America — favorable price mix in all four of the segment's business units and the impact of inflationary environments in certain markets;
- North America — favorably impacted as a result of pricing initiatives and product and package mix;
- Asia Pacific — unfavorably impacted by geographic mix, partially offset by the favorable impact of pricing initiatives and product and package mix; and
- Bottling Investments — favorably impacted as a result of pricing initiatives and product and package mix in North America.

Foreign currency fluctuations decreased our consolidated net operating revenues by 1 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the British pound sterling, Japanese yen, Argentine peso and Mexican peso, which had an unfavorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, South African rand, Australian dollar and Brazilian

real, which had a favorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Information about our net operating revenues by operating segment and Corporate as a percentage of Company net operating revenues is as follows:

Year Ended December 31,	**2018**	2017	2016
Europe, Middle East & Africa	**22.8 %**	20.7 %	16.8 %
Latin America	**12.7**	11.2	8.9
North America	**36.7**	24.9 [1]	15.8 [1]
Asia Pacific	**15.4**	13.5	11.4
Bottling Investments	**12.1**	29.3 [1]	46.8 [1]
Corporate	**0.3**	0.4	0.3
Total	**100.0 %**	100.0 %	100.0 %

[1] Amounts have been adjusted to reflect the reclassification of certain revenue streams from the Bottling Investments operating segment to the North America operating segment effective January 1, 2018.

The percentage contribution of each operating segment fluctuates over time due to net operating revenues in certain operating segments growing at a faster rate compared to other operating segments. Net operating revenue growth rates are impacted by sales volume; acquisitions and divestitures; price, product and geographic mix; foreign currency fluctuations and accounting changes. For additional information about the impact of foreign currency fluctuations, refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below and for additional information about acquisitions and divestitures, refer to Note 2 of Notes to Consolidated Financial Statements.

Gross Profit Margin

As a result of our finished goods operations, which are primarily included in our North America and Bottling Investments operating segments, the following inputs represent a substantial portion of the Company's total cost of goods sold: (1) sweeteners, (2) metals, (3) juices and (4) PET. The Company enters into hedging activities related to certain commodities in order to mitigate a portion of the price risk associated with forecasted purchases. Many of the derivative financial instruments used by the Company to mitigate the risk associated with these commodity exposures, including any related foreign currency exposure, do not qualify for hedge accounting. As a result, the changes in fair value of these derivative instruments have been, and will continue to be, included as a component of net income in each reporting period. The Company recorded a net loss related to these derivatives of $20 million during the year December 31, 2018 and recorded net gains of $14 million and $79 million during the years ended December 31, 2017 and December 31, 2016, respectively, in the line item cost of goods sold in our consolidated statements of income. Refer to Note 6 of Notes to Consolidated Financial Statements.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Our gross profit margin increased to 63.1 percent in 2018 from 62.6 percent in 2017. The increase was primarily due to the impact of divestitures, partially offset by the unfavorable impact of foreign currency exchange rate fluctuations and the impact of accounting changes related to the new revenue recognition accounting standard. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures. Refer to Note 3 of Notes to Consolidated Financial Statements for additional information on the adoption of the new revenue recognition accounting standard.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Our gross profit margin increased to 62.6 percent in 2017 from 60.7 percent in 2016. The increase was primarily due to the impact of divestitures, partially offset by the unfavorable impact of foreign currency exchange rate fluctuations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures.

Selling, General and Administrative Expenses

The following table sets forth the significant components of selling, general and administrative expenses (in millions):

Year Ended December 31,		**2018**		2017		2016
Stock-based compensation expense	**$**	**225**	$	219	$	258
Advertising expenses		**4,113**		3,958		4,004
Selling and distribution expenses		**1,701**		3,266		5,189
Other operating expenses		**4,268**		5,211		5,919
Selling, general and administrative expenses	**$**	**10,307**	$	12,654	$	15,370

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Selling, general and administrative expenses decreased $2,347 million, or 19 percent. The decrease in selling and distribution expenses during 2018 reflects the impact of refranchising activities throughout 2018 and the full year effect of refranchising activities that occurred during 2017. The decrease in other operating expenses during 2018 reflects savings from our productivity and reinvestment initiatives and the impact of refranchising activities throughout 2018 and the full year effect of refranchising activities that occurred during 2017. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to divestitures.

As of December 31, 2018, we had $271 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans. This cost is expected to be recognized over a weighted-average period of 2.5 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards. Refer to Note 13 of Notes to Consolidated Financial Statements.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Selling, general and administrative expenses decreased $2,716 million, or 18 percent. During the year ended December 31, 2017, fluctuations in foreign currency exchange rates had a nominal impact on selling, general and administrative expenses. The decrease in selling and distribution expenses and advertising expenses during 2017 reflects the impact of divestitures. Additionally, advertising expenses during 2017 decreased 1 percent as a result of foreign currency exchange rate fluctuations. The decrease in other operating expenses during 2017 reflects savings from our productivity and reinvestment initiatives. Foreign currency exchange rate fluctuations had a more significant impact on both advertising and other operating expenses as compared to our selling and distribution expenses since they were generally transacted in local currency. Our selling and distribution expenses were primarily related to our Company-owned bottling operations, of which the majority of expenses are attributable to CCR and were primarily denominated in U.S. dollars.

Other Operating Charges

Other operating charges incurred by operating segment and Corporate were as follows (in millions):

Year Ended December 31,		**2018**		2017		2016
Europe, Middle East & Africa	**$**	**(3)**	$	26	$	32
Latin America		**4**		7		74
North America		**175**		241		134
Asia Pacific		**(4)**		10		1
Bottling Investments		**617**		1,079		761
Corporate		**290**		539		369
Total	**$**	**1,079**	$	1,902	$	1,371

In 2018, the Company recorded other operating charges of $1,079 million. These charges primarily consisted of $450 million of CCR asset impairments and $440 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $139 million related to costs incurred to refranchise certain of our North America bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Other operating charges also included $33 million related to tax litigation expense and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the refranchising of our bottling operations. Refer to Note 12 of Notes to Consolidated Financial Statements for additional information related to the tax litigation. Refer to Note 17 of Notes to Consolidated Financial Statements for information on how the Company determined the asset impairment charges. Refer to Note 19 of Notes to Consolidated Financial Statements for additional information on the Company's productivity and reinvestment program. Refer to Note 20 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

In 2017, the Company recorded other operating charges of $1,902 million. These charges primarily consisted of $737 million of CCR asset impairments and $534 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $280 million related to costs incurred to refranchise certain of our bottling operations. Other operating charges also included $225 million related to a cash contribution we made to The Coca-Cola Foundation, $67 million related to tax litigation expense, $34 million related to impairments of Venezuelan intangible assets and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 1 of Notes to Consolidated Financial Statements for additional information about the Venezuelan intangible assets. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the refranchising of our bottling operations. Refer to Note 17 of Notes to Consolidated Financial Statements for information on how the Company determined the asset impairment charges. Refer to Note 19 of Notes to Consolidated Financial Statements for additional information on the Company's productivity and reinvestment program. Refer to Note 20 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

In 2016, the Company recorded other operating charges of $1,371 million. These charges primarily consisted of $352 million due to the Company's productivity and reinvestment program and $240 million due to the integration of our German bottling operations. In addition, the Company recorded charges of $276 million related to costs incurred to refranchise certain of our bottling operations. The Company also recorded a charge of $200 million related to cash contributions we made to The Coca-Cola Foundation, a charge of $76 million due to the write-down we recorded related to our receivables from our bottling partner in Venezuela as a result of changes in exchange rates and charges of $41 million related to noncapitalizable transaction costs associated with pending and closed transactions. In 2016, the Company also recorded impairment charges of $153 million related to certain intangible assets. Refer to Note 1 of Notes to Consolidated Financial Statements for additional information on the Venezuelan exchange rates. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the refranchising of our bottling operations. Refer to Note 17 of Notes to Consolidated Financial Statements for additional information on the impairment charges. Refer to Note 19 of Notes to Consolidated Financial Statements for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 20 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

Operating Income and Operating Margin

Information about our operating income contribution by operating segment and Corporate on a percentage basis is as follows:

Year Ended December 31,	**2018**	2017	2016
Europe, Middle East & Africa	**42.7 %**	47.7 %	42.4 %
Latin America	**26.7**	29.2	22.6
North America	**28.2**	34.1	30.2
Asia Pacific	**26.2**	28.3	25.5
Bottling Investments	**(7.5)**	(12.7)	0.0
Corporate	**(16.3)**	(26.6)	(20.7)
Total	**100.0 %**	100.0 %	100.0 %

Information about our operating margin on a consolidated basis and by operating segment and Corporate is as follows:

Year Ended December 31,	**2018**	2017	2016
Consolidated	**27.3 %**	21.5 %	20.7 %
Europe, Middle East & Africa	**48.2**	49.2	52.3
Latin America	**58.4**	56.1	52.1
North America	**21.3**	29.5	39.7
Asia Pacific	**47.4**	45.0	46.2
Bottling Investments	**(17.2)**	(9.3)	0.0
Corporate	*	*	*

* Calculation is not meaningful.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

In 2018, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 6 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the Argentine peso, Mexican peso, Brazilian real and Australian dollar, which had an unfavorable impact on our Latin America and Asia Pacific operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, British pound sterling, Japanese yen and South African rand, which had a favorable impact on our Europe, Middle East and Africa and Asia Pacific operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Operating income for Europe, Middle East and Africa for the years ended December 31, 2018 and 2017 was $3,714 million and $3,625 million, respectively. Operating income growth for the segment reflects concentrate sales volume growth of 6 percent and favorable price, product and geographic mix and lower other operating charges, partially offset by increased marketing investments primarily related to key product launches and an unfavorable foreign currency exchange rate impact of 5 percent.

Operating income for the Latin America segment for the years ended December 31, 2018 and 2017 was $2,321 million and $2,218 million, respectively. Operating income growth for the segment reflects favorable price and product mix and growth in concentrate sales volume of 1 percent, partially offset by an unfavorable foreign currency exchange rate impact of 12 percent.

North America's operating income for the years ended December 31, 2018 and 2017 was $2,453 million and $2,591 million, respectively. The decrease in operating income was driven by higher freight costs and the impact of structural changes, partially offset by lower other operating charges. The operating margin decrease in 2018 was primarily related to the adoption of the new revenue recognition accounting standard. Refer to Note 3 of Notes to Consolidated Financial Statements.

Operating income for Asia Pacific for the years ended December 31, 2018 and 2017 was $2,278 million and $2,147 million, respectively. Operating income growth for the segment reflects concentrate sales volume growth of 4 percent. Foreign currency exchange rates had a nominal impact.

Our Bottling Investments segment's operating loss for the years ended December 31, 2018 and 2017 was $649 million and $962 million, respectively. The decrease in operating loss reflects lower other operating charges, partially offset by the unfavorable impact of divestitures.

Corporate's operating loss for the years ended December 31, 2018 and 2017 was $1,417 million and $2,020 million, respectively. The operating loss in 2018 was favorably impacted by lower selling, general and administrative expenses as a result of productivity initiatives, lower other operating charges and mark-to-market adjustments related to our economic hedging activities.

Based on current spot rates and our hedging coverage in place, we expect currencies will have an unfavorable impact on operating income in 2019.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

In 2017, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 3 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the British pound sterling, Japanese yen, Argentine peso and Mexican peso, which had an unfavorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, South African rand, Australian dollar and Brazilian real, which had a favorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Operating income for Europe, Middle East and Africa for the years ended December 31, 2017 and 2016 was $3,625 million and $3,668 million, respectively. Operating income for the segment reflects an unfavorable foreign currency exchange rate impact of 3 percent, partially offset by favorable price, product and geographic mix.

Operating income for the Latin America segment for the years ended December 31, 2017 and 2016 was $2,218 million and $1,953 million, respectively. Operating income for the segment reflects favorable price mix, a reduction in other operating charges and a nominal impact from foreign currency exchange rate fluctuations.

North America's operating income for the years ended December 31, 2017 and 2016 was $2,591 million and $2,614 million, respectively. The decrease in the segment's operating income was due to higher other operating charges and an unfavorable foreign currency exchange rate impact of 1 percent, partially offset by favorable price and product and package mix.

Operating income for Asia Pacific for the years ended December 31, 2017 and 2016 was $2,147 million and $2,210 million, respectively. The decline in operating income for the segment reflects an unfavorable foreign currency exchange rate impact of 6 percent and unfavorable price, product and geographic mix.

Our Bottling Investments segment's operating loss for the year ended December 31, 2017 was $962 million, compared to operating income for the year ended December 31, 2016 of $1 million. The Bottling Investments segment was unfavorably impacted by acquisitions and divestitures and $737 million of asset impairment charges related to CCR in 2017.

Corporate's operating loss for the years ended December 31, 2017 and 2016 was $2,020 million and $1,789 million, respectively. The operating loss in 2017 was unfavorably impacted by higher other operating charges.

Interest Income

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Interest income was $682 million in 2018, compared to $677 million in 2017, an increase of $5 million, or 1 percent. The increase primarily reflects higher interest rates earned on certain investments, partially offset by lower investment balances in certain of our international locations.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Interest income was $677 million in 2017, compared to $642 million in 2016, an increase of $35 million, or 6 percent. The increase primarily reflects higher investment balances in certain of our international locations, partially offset by lower interest rates earned on certain investments.

Interest Expense

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Interest expense was $919 million in 2018, compared to $841 million in 2017, an increase of $78 million, or 9 percent. This increase was primarily due to the impact of higher short-term U.S. interest rates, which was partially offset by a net gain of $27 million related to the early extinguishment of certain long-term debt. Refer to the heading

"Liquidity, Capital Resources and Financial Position — Cash Flows from Financing Activities — Debt Financing" below and Note 11 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Interest expense was $841 million in 2017, compared to $733 million in 2016, an increase of $108 million, or 15 percent. The increase primarily reflects the impact of short-term U.S. interest rates and longer debt maturities, both of which resulted in higher interest rates on the Company's debt portfolio. Additionally, interest expense during the year ended December 31, 2017 included a net charge of $38 million due to the early extinguishment of certain long-term debt. Refer to the heading "Liquidity, Capital Resources and Financial Position — Cash Flows from Financing Activities — Debt Financing" below and Note 11 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt.

Equity Income (Loss) — Net

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Equity income (loss) — net represents our Company's proportionate share of net income or loss from each of our equity method investees. In 2018, equity income was $1,008 million, compared to equity income of $1,071 million in 2017, a decrease of $63 million, or 6 percent. This decrease reflects, among other things, the dissolution of our BPW joint venture and the consolidation of CCBA. In addition, the Company recorded net charges of $111 million and $92 million in the line item equity income (loss) — net during the years ended December 31, 2018 and December 31, 2017, respectively. These amounts represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

In 2017, equity income was $1,071 million, compared to equity income of $835 million in 2016, an increase of $236 million, or 28 percent. This increase reflects, among other items, more favorable operating results reported by several of our equity method investees. Additionally, the increase was attributable to the impact of the equity investment in CCEP acquired in 2016 and the impact of the equity investment in AC Bebidas, S. de R.L. de C.V. ("AC Bebidas") that was acquired in 2017. The favorable impact of these items was partially offset by the derecognition of the Company's former equity method investment in South Africa in 2016. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

Other Income (Loss) — Net

Other income (loss) — net includes, among other things, the impact of foreign currency exchange gains and losses; dividend income; rental income; gains and losses related to the disposal of property, plant and equipment; gains and losses related to business combinations and disposals; non-service cost components of net periodic benefit cost for pension and postretirement benefit plans; other benefit plan charges and credits; realized and unrealized gains and losses on equity securities and trading debt securities; and realized gains and losses on available-for-sale debt securities. The foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 6 of Notes to Consolidated Financial Statements.

In 2018, other income (loss) — net was a loss of $1,121 million. The Company recorded other-than-temporary impairment charges of $591 million related to certain of our equity method investees and charges of $476 million due to the refranchising of certain bottling territories in North America. The Company also recorded a net loss of $278 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities and charges of $240 million related to pension settlements. Other income (loss) — net also included net foreign currency exchange losses of $144 million. Additionally, we recorded charges of $34 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements, a net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations and a $32 million loss related to acquiring a controlling interest in the Philippine bottling operations. These charges were partially offset by a net gain of $296 million related to the sale of our equity ownership in Corporación Lindley S.A. ("Lindley") and a net gain of $47 million related to the refranchising of our Latin American bottling operations. Refer to Note 1 and Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on refranchising

activities, North America conversion payments, the sale of our equity ownership in Lindley and the acquisition of a controlling interest in the Philippine bottling operations. Refer to Note 6 of Notes to Consolidated Financial Statements for additional information on our hedging activities. Refer to Note 17 of Notes to Consolidated Financial Statements for information on the impairment charges. Refer to Note 20 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

In 2017, other income (loss) — net was a loss of $1,764 million. The Company recognized a net charge of $2,140 million due to the refranchising of certain bottling territories in North America and charges of $313 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. The Company also recorded net charges of $255 million resulting from special termination benefits and curtailment credits primarily related to North America refranchising and the Company's productivity and reinvestment program. Additionally, the Company recorded an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The Company also incurred a charge of $26 million related to our former German bottling operations. These charges were partially offset by a gain of $445 million related to the integration of Coca-Cola West Co., Ltd. ("CCW") and Coca-Cola East Japan Co., Ltd. ("CCEJ") to establish CCBJHI. In exchange for our previously existing equity interests in CCW and CCEJ, we received an approximate 17 percent equity interest in CCBJHI. The Company also recognized a gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value upon consolidation of CCBA. Additionally, the Company recognized a gain of $88 million related to the refranchising of our China bottling operations and the sale of a related cost method investment and a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Other income (loss) — net also included net gains of $88 million related to trading securities and the sale of available-for-sale securities and $71 million of dividend income, partially offset by net foreign currency exchange losses of $57 million. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the North America and China bottling refranchising, the conversion payments and our consolidation of CCBA. Refer to Note 20 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

In 2016, other income (loss) — net was a loss of $1,265 million. This loss included losses of $2,456 million due to the refranchising of certain bottling territories in North America and a net charge of $139 million resulting from special termination benefits and curtailment credits primarily related to North America refranchising and the Company's productivity and reinvestment program. The Company also recorded a loss of $21 million due to the deconsolidation of our South African bottling operations and disposal of the related equity method investment in exchange for investments in CCBA and CCBA's South African subsidiary. The Company incurred charges of $31 million related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Additionally, the Company incurred net foreign currency exchange losses of $246 million, including a charge of $72 million as a result of remeasuring its net monetary assets denominated in Egyptian pounds. The Egyptian pound devalued as a result of the central bank allowing its currency, which was previously pegged to the U.S. dollar, to float freely. These losses were partially offset by a gain of $1,323 million due to the deconsolidation of our German bottling operations, dividend income of $55 million and net gains of $83 million related to trading securities and the sale of available-for-sale securities. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the North America refranchising, the deconsolidation of our South African bottling operations, the conversion payments and the deconsolidation of our German bottling operations. Refer to Note 20 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments and Corporate.

Income Taxes

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the U.S. statutory rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2019 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $318 million, $221 million and $105 million for the years ended December 31, 2018, 2017 and 2016, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method of accounting, which are generally taxed at rates lower than the U.S. statutory rate.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	2018	2017	2016
Statutory U.S. federal tax rate	**21.0 %**	35.0 %	35.0 %
State and local income taxes — net of federal benefit	**1.5**	1.2	1.2
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**1.2** [1,2]	(9.7)	(17.5) [7]
Equity income or loss	**(2.4)**	(3.4)	(3.0)
Tax Reform Act	**0.1** [3]	53.5 [4]	—
Excess tax benefits on stock-based compensation	**(1.2)**	(2.0)	—
Other — net	**(0.8)**	7.9 [5,6]	3.8 [8]
Effective tax rate	**19.4 %**	82.5 %	19.5 %

[1] Includes the impact of pretax charges of $591 million (or a 1.5 percent impact on our effective tax rate) related to other-than-temporary impairments of certain of our equity method investees. Refer to Note 17 of Notes to Consolidated Financial Statements.

[2] Includes tax expense of $28 million on net pretax charges of $403 million (or a 1.4 percent impact on our effective tax rate) primarily related to the refranchising of certain foreign bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements.

[3] Includes net tax expense of $8 million (or a 0.1 percent impact on our effective tax rate) related to the finalization of our accounting related to the Tax Reform Act.

[4] Includes net tax expense of $3,610 million primarily related to our reasonable estimate of the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017, partially offset by the impact of the lower rate introduced by the Tax Reform Act on our existing deferred tax balances.

[5] Includes net tax expense of $1,048 million on a pretax gain of $1,037 million (or a 10.2 percent impact on our effective tax rate) related to the refranchising of CCR's Southwest operating unit ("Southwest Transaction"), in conjunction with which we obtained an equity interest in AC Bebidas. The Company accounts for its interest in AC Bebidas as an equity method investment and the net tax expense was primarily the result of the deferred tax recorded on the basis difference in this investment. Refer to Note 2 of Notes to Consolidated Financial Statements.

[6] Includes a $156 million net tax benefit related to the impact of manufacturing incentives and permanent book to tax adjustments.

[7] Includes tax expense of $97 million related to a pretax gain of $1,323 million (or a 4.5 percent impact on our effective tax rate) related to the deconsolidation of our German bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements.

[8] Includes tax expense of $157 million (or a 1.9 percent impact on our effective tax rate) primarily related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in certain domestic jurisdictions.

As of December 31, 2018, the gross amount of unrecognized tax benefits was $336 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $182 million, exclusive of any benefits related to interest and penalties. The remaining $154 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	2018	2017	2016
Beginning balance of unrecognized tax benefits	**$ 331**	$ 302	$ 168
Increase related to prior period tax positions	**11**	18	163 [1]
Decrease related to prior period tax positions	**(2)**	(13)	—
Increase related to current period tax positions	**17**	13	17
Decrease related to settlements with taxing authorities	**(4)**	—	(40) [1]
Decrease due to lapse of the applicable statute of limitations	**—**	—	—
Increase (decrease) due to effect of foreign currency exchange rate changes	**(17)**	11	(6)
Ending balance of unrecognized tax benefits	**$ 336**	$ 331	$ 302

[1]

The net increase was primarily related to a change in judgment about one of the Company's tax positions as a result of receiving notification of a preliminary settlement of a Competent Authority matter with a foreign jurisdiction, a portion of which became certain later in the year. This change in position did not have a material impact on the Company's consolidated statement of income during the year ended December 31, 2016, as it was partially offset by refunds to be received from the foreign jurisdiction.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $190 million, $177 million and $142 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2018, 2017 and 2016, respectively. Of these amounts, $13 million, $35 million and $31 million of expense were recognized through income tax expense in 2018, 2017 and 2016, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company's effective tax rate.

Based on current tax laws, the Company's effective tax rate in 2019 is expected to be approximately 19.5 percent before considering the potential impact of any significant operating and nonoperating items that may affect our effective tax rate.

Liquidity, Capital Resources and Financial Position

We believe our ability to generate cash flows from operating activities is one of our fundamental financial strengths. Refer to the heading "Cash Flows from Operating Activities" below. The near-term outlook for our business remains strong, and we expect to generate substantial cash flows from operations in 2019. As a result of our expected cash flows from operations, we have significant flexibility to meet our financial commitments. The Company does not typically raise capital through the issuance of stock. Instead, we use debt financing to lower our overall cost of capital and increase our return on shareowners' equity. Refer to the heading "Cash Flows from Financing Activities" below. We have a history of borrowing funds domestically and continue to have the ability to borrow funds domestically at reasonable interest rates. In addition, our domestic entities have recently borrowed and continue to have the ability to borrow funds in international markets at reasonable interest rates. Our debt financing includes the use of an extensive commercial paper program as part of our overall cash management strategy. The Company reviews its optimal mix of short-term and long-term debt regularly and may replace certain amounts of commercial paper, short-term debt and current maturities of long-term debt with new issuances of long-term debt in the future. In addition to the Company's cash balances, commercial paper program, and our ability to issue long-term debt, we also had $7,895 million in lines of credit for general corporate purposes as of December 31, 2018. These backup lines of credit expire at various times from 2019 through 2022.

We have significant operations outside the United States. Unit case volume outside the United States represented 82 percent of the Company's worldwide unit case volume in 2018. We earn a substantial amount of our consolidated operating income and income from continuing operations before income taxes from foreign subsidiaries that either sell concentrates and syrups to our local bottling partners or, in certain instances, sell finished products directly to our customers to fulfill the demand for Company beverage products outside the United States. A significant portion of these foreign earnings was previously considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and will continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no U.S. federal and state income taxes were previously provided on the portion of our foreign earnings that was considered to be indefinitely reinvested in foreign jurisdictions. On December 22, 2017, the Tax Reform Act was signed into law. The Tax Reform Act reduces the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent effective for tax years beginning after December 31, 2017, transitions the U.S. method of taxation from a worldwide tax system to a modified territorial system and requires companies to pay a one-time transition tax over a period of eight years on the mandatory deemed repatriation of prescribed foreign earnings as of December 31, 2017. As a result, the Company recognized a provisional tax charge related to the one-time transition tax in the amount of $4.6 billion in 2017. During 2018, we recognized $0.3 billion of additional provisional transition tax expense. The Company's cash, cash equivalents, short-term investments and marketable securities held by our foreign subsidiaries totaled $14.4 billion as of December 31, 2018.

Net operating revenues in the United States were $11.3 billion in 2018, or 36 percent of the Company's consolidated net operating revenues. We expect existing domestic cash, cash equivalents, short-term investments, marketable securities, cash flows from operations, the repatriation of foreign earnings and the issuance of debt to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities. In addition, we expect foreign cash, cash equivalents, short-term investments and marketable securities remaining after repatriation, as well as cash flows from operations to continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities.

Based on all the aforementioned factors, the Company believes its current liquidity position is strong, and we will continue to meet all of our financial commitments for the foreseeable future. These obligations and anticipated cash outflows include, but are not limited to, regular quarterly dividends, debt maturities, capital expenditures, share repurchases and obligations included under the heading "Off-Balance Sheet Arrangements and Aggregate Contractual Obligations" below.

Cash Flows from Operating Activities

Net cash provided by operating activities for the years ended December 31, 2018, 2017 and 2016 was $7,320 million, $6,930 million and $8,792 million, respectively.

Net cash provided by operating activities increased $390 million, or 6 percent, in 2018 compared to 2017. This increase was primarily driven by operating income growth and the efficient management of working capital partially

offset by the impact of refranchising bottling operations and higher interest and tax payments. Refer to Note 11 and Note 15 of Notes to Consolidated Financial Statements for additional information on interest payments and tax payments.

Net cash provided by operating activities decreased $1,862 million, or 21 percent, in 2017 compared to 2016. This decrease was primarily driven by the refranchising of certain bottling operations, the unfavorable impact of foreign currency exchange rate fluctuations, one less day in 2017, and increased payments related to income taxes and restructuring. Refer to the heading

"Operations Review — Net Operating Revenues" above for additional information on the impact of foreign currency fluctuations. Refer to Note 15 of Notes to Consolidated Financial Statements for additional information on the tax payments.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities is summarized as follows (in millions):

Year Ended December 31,		**2018**		2017		2016
Purchases of investments	**$**	**(7,789)**	$	(17,296)	$	(16,626)
Proceeds from disposals of investments		**14,977**		16,694		17,842
Acquisitions of businesses, equity method investments and nonmarketable securities		**(1,040)**		(3,809)		(838)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities		**1,362**		3,821		1,035
Purchases of property, plant and equipment		**(1,347)**		(1,675)		(2,262)
Proceeds from disposals of property, plant and equipment		**245**		104		150
Other investing activities		**(60)**		(93)		(305)
Net cash provided by (used in) investing activities	**$**	**6,348**	$	(2,254)	$	(1,004)

Purchases of Investments and Proceeds from Disposals of Investments

In 2018, purchases of investments were $7,789 million and proceeds from disposals of investments were $14,977 million. This activity resulted in a net cash inflow of $7,188 million during 2018. In 2017, purchases of investments were $17,296 million and proceeds from disposals of investments were $16,694 million, resulting in a net cash outflow of $602 million. In 2016, purchases of investments were $16,626 million and proceeds from disposals of investments were $17,842 million, resulting in a net cash inflow of $1,216 million. The investments purchased in all three years include time deposits that had maturities greater than three months but less than one year and were classified in the line item short-term investments in our consolidated balance sheets. The disposals in 2016 included proceeds from the disposal of the Company's investment in Keurig Green Mountain, Inc. ("Keurig") of $2,380 million. The remaining activity primarily represents the purchases of and proceeds from short-term investments that were made as part of the Company's overall cash management strategy as well as our insurance captive investments. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on our investment in Keurig.

Acquisitions of Businesses, Equity Method Investments and Nonmarketable Securities

In 2018, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,040 million, which was primarily related to the acquisition of a controlling interest in the Philippine bottling operations and an equity interest in BA Sports Nutrition, LLC ("BodyArmor"). Additionally, the Company acquired additional ownership interests in the Company's franchise bottlers in the United Arab Emirates and in Oman, both of which were previously equity method investees of the Company. As a result of the additional interest acquired in the Oman bottler, we obtained a controlling interest, resulting in its consolidation.

In 2017, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $3,809 million, which was primarily related to the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. Additionally, in conjunction with the Southwest Transaction, we obtained an equity interest in AC Bebidas. The remaining activity was primarily related to the acquisition of AdeS, a plant-based beverage business, by the Company and several of its bottling partners in Latin America, and the acquisition of the U.S. rights to the Topo Chico premium sparkling water brand from AC Bebidas, an equity method investee.

In 2016, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled$838 million, which was primarily related to our acquisition of Xiamen Culiangwang Beverage Technology Co., Ltd., a maker of plant-based protein beverages in China, and a minority investment in CHI Limited, a Nigerian producer of value-added dairy and juice beverages.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our acquisitions during the years ended December 31, 2018, 2017 and 2016.

Proceeds from Disposals of Businesses, Equity Method Investments and Nonmarketable Securities

In 2018, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $1,362 million, primarily related to the proceeds from the refranchising of our Canadian and Latin American bottling operations as well as the the sale of our equity ownership in Lindley.

In 2017, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $3,821 million, primarily related to proceeds from the refranchising of certain bottling territories in North America and the refranchising of our China bottling operations and related cost method investment.

In 2016, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $1,035 million, primarily related to proceeds from the refranchising of certain bottling territories in North America.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our disposals during the years ended December 31, 2018, 2017 and 2016.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment net of disposals for the years ended December 31, 2018, 2017 and 2016 were $1,102 million, $1,571 million and $2,112 million, respectively.

Total capital expenditures for property, plant and equipment and the percentage of such totals by operating segment and Corporate were as follows (in millions):

Year Ended December 31,	**2018**	2017	2016
Capital expenditures	**$ 1,347**	$ 1,675	$ 2,262
Europe, Middle East & Africa	**5.7 %**	4.8 %	2.7 %
Latin America	**6.7**	3.3	2.0
North America	**31.8**	32.3	19.4
Asia Pacific	**2.3**	3.0	4.7
Bottling Investments	**23.5**	39.5	58.8
Corporate	**30.0**	17.1	12.4

We expect our annual 2019 capital expenditures to be approximately $2.0 billion as we continue to make investments to enable growth in our business and further enhance our operational effectiveness. The increase in 2019 is primarily the result of the acquisition of Costa in January 2019 and the acquisition of a controlling interest in the Philippine bottling operations in December 2018.

Other Investing Activities

In 2016, cash used in other investing activities was primarily related to the cash flow impact of the Company's derivative contracts designated as net investment hedges and the purchases of trademarks.

Refer to Note 6 of Notes to Consolidated Financial Statements for additional information on the Company's derivative contracts designated as net investment hedges.

Cash Flows from Financing Activities

Net cash provided by (used in) financing activities is summarized as follows (in millions):

Year Ended December 31,	**2018**	2017	2016
Issuances of debt	**$ 27,339**	$ 29,857	$ 27,281
Payments of debt	**(30,568)**	(28,768)	(25,615)
Issuances of stock	**1,476**	1,595	1,434
Purchases of stock for treasury	**(1,912)**	(3,682)	(3,681)
Dividends	**(6,644)**	(6,320)	(6,043)
Other financing activities	**(243)**	(91)	79
Net cash provided by (used in) financing activities	**$ (10,552)**	$ (7,409)	$ (6,545)

Debt Financing

Our Company maintains debt levels we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. Our interest expense may also be affected by our credit ratings.

As of December 31, 2018, our long-term debt was rated "A+" by Standard & Poor's and "A1" by Moody's. Our commercial paper program was rated "A-1" by Standard & Poor's and "P-1" by Moody's. In assessing our credit strength, both agencies consider our capital structure (including the amount and maturity dates of our debt) and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, some rating agencies also consider the financial information of certain bottlers, including CCEP, Coca-Cola Amatil Limited, Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated), Coca-Cola FEMSA and Coca-Cola Hellenic. While the Company has no legal obligation for the debt of these bottlers, the rating agencies believe the strategic importance of the bottlers to the Company's business model provides the Company with an incentive to keep these bottlers viable. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure, our major bottlers' financial performance, changes in the credit rating agencies' methodology in assessing our credit strength, or for any other reason, our cost of borrowing could increase. Additionally, if certain bottlers' credit ratings were to decline, the Company's equity income could be reduced as a result of the potential increase in interest expense for those bottlers.

We monitor our financial ratios and, as indicated above, the rating agencies consider these ratios in assessing our credit ratings. Each rating agency employs a different aggregation methodology and has different thresholds for the various financial ratios. These thresholds are not necessarily permanent, nor are they always fully disclosed to our Company.

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

Issuances and payments of debt included both short-term and long-term financing activities. In 2018, the Company had issuances of debt of $27,339 million, which primarily included $24,253 million of issuances related to commercial paper and short-term debt with maturities greater than 90 days and $3,083 million of net issuances related to commercial paper and short-term debt with maturities of 90 days or less.

During 2018, the Company made payments of debt of $30,568 million, which included $27,249 million of payments related to commercial paper and short-term debt with maturities greater than 90 days. The Company's total payments of long-term debt were $3,319 million.

In 2017, the Company had issuances of debt of $29,857 million, which included issuances of $26,218 million of commercial paper and short-term debt with maturities greater than 90 days and long-term debt issuances of $3,639 million, net of related discounts and issuance costs.

During 2017, the Company made payments of debt of $28,768 million, which included $636 million of payments related to commercial paper and short-term debt with maturities of 90 days or less and $24,156 of payments related to commercial paper and short-term debt with maturities greater than 90 days. The Company's total payments of long-term debt were $3,976 million. The long-term debt payments included the early extinguishment of long-term debt with a carrying value of $417 million, a portion of which was assumed in connection with our acquisition of Coca-Cola Enterprises Inc.'s former North America business ("Old CCE"). This resulted in a net charge of $38 million that was recorded in the line item interest expense in our consolidated statement of income. This net charge reflects the difference between the reacquisition price and the net carrying amount of the debt extinguished.

In 2016, the Company had issuances of debt of $27,281 million, which included net issuances of $773 million of commercial paper and short-term debt with maturities of 90 days or less and $21,525 million of commercial paper and short-term debt with maturities greater than 90 days. The Company's total issuances of debt also included long-term debt issuances of $4,983 million, net of related discounts and issuance costs.

During 2016, the Company made payments of debt of $25,615 million, which included $22,920 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and payments of long-term debt of $2,695 million.

The carrying value of the Company's long-term debt included fair value adjustments related to the debt assumed from Old CCE of $212 million and $263 million as of December 31, 2018 and 2017, respectively. These fair value adjustments are being amortized over the number of years remaining until the underlying debt matures. As of December 31, 2018, the weighted-average maturity of the assumed debt to which these fair value adjustments relate was approximately 19 years. The

amortization of these fair value adjustments will be a reduction of interest expense in future periods, which will typically result in our interest expense being less than the actual interest paid to service the debt. Total interest paid was $871 million, $757 million and $663 million in 2018, 2017 and 2016, respectively. Refer to Note 11 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt balances.

Issuances of Stock

The issuances of stock in 2018, 2017 and 2016 were related to the exercise of stock options by Company employees.

Share Repurchases

In 2012, the Board of Directors authorized a share repurchase program of up to 500 million shares of the Company's common stock. The table below presents annual shares repurchased and average price per share:

Year Ended December 31,	**2018**	2017	2016
Number of shares repurchased (in millions)	**39**	82	86
Average price per share	**$ 45.09**	$ 44.09	$ 43.62

Since the inception of our initial share repurchase program in 1984 through our current program as of December 31, 2018, we have purchased 3.5 billion shares of our Company's common stock at an average price per share of $17.06. In addition to shares repurchased under the share repurchase program authorized by our Board of Directors, the Company's treasury stock activity also includes shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees. In 2018, we repurchased $1.9 billion of our stock. The net impact of the Company's treasury stock issuance and purchase activities in 2018 resulted in a net cash outflow of $0.4 billion. In 2019, we expect to repurchase shares to offset dilution resulting from employee stock-based compensation plans.

Dividends

The Company paid dividends of $6,644 million, $6,320 million and $6,043 million during the years ended December 31, 2018, 2017 and 2016, respectively.

At its February 2019 meeting, our Board of Directors increased our regular quarterly dividend by 2.6 percent, raising it to $0.40 per share, equivalent to a full year dividend of $1.60 per share in 2019. This is our 57th consecutive annual increase. Our annualized common stock dividend was $1.56 per share, $1.48 per share and $1.40 per share in 2018, 2017 and 2016, respectively. The 2018 dividend represented a 5 percent increase from 2017, and the 2017 dividend represented a 6 percent increase from 2016.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements

In accordance with the definition under SEC rules, the following qualify as off-balance sheet arrangements:

- any obligation under certain guarantee contracts;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation under certain derivative instruments; and
- any obligation arising out of a material variable interest held by the registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

As of December 31, 2018, we were contingently liable for guarantees of indebtedness owed by third parties of $600 million, of which $247 million was related to VIEs. These guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees; however,

we do not consider it probable that we will be required to satisfy these guarantees. Management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable. As of December 31, 2018, we were not directly liable for the debt of any unconsolidated entity, and we did not have any retained or contingent interest in assets as defined above.

Our Company recognizes all derivatives as either assets or liabilities at fair value in our consolidated balance sheets. Refer to Note 6 of Notes to Consolidated Financial Statements.

Aggregate Contractual Obligations

As of December 31, 2018, the Company's contractual obligations, including payments due by period, were as follows (in millions):

	Payments Due by Period				
	Total	2019	2020-2021	2022-2023	2024 and Thereafter
Short-term loans and notes payable:[1]					
Commercial paper borrowings	$ 13,063	$ 13,063	$ —	$ —	$ —
Lines of credit and other short-term borrowings	131	131	—	—	—
Current maturities of long-term debt[2]	4,999	4,999	—	—	—
Long-term debt, net of current maturities[2]	25,230	—	7,203	6,463	11,564
Estimated interest payments[3]	3,907	461	757	584	2,105
Accrued income taxes[4]	4,364	378	652	1,128	2,206
Purchase obligations[5]	14,840	8,344	1,512	1,066	3,918
Marketing obligations[6]	4,260	2,333	1,035	458	434
Lease obligations	695	181	210	143	161
Held-for-sale obligations[7]	1,722	1,722	—	—	—
Total contractual obligations	$ 73,211	$ 31,612	$ 11,369	$ 9,842	$ 20,388

[1] Refer to Note 11 of Notes to Consolidated Financial Statements for information regarding short-term loans and notes payable. Upon payment of outstanding commercial paper, we typically issue new commercial paper. Lines of credit and other short-term borrowings are expected to fluctuate depending upon current liquidity needs, especially at international subsidiaries.

[2] Refer to Note 11 of Notes to Consolidated Financial Statements for information regarding long-term debt. We will consider several alternatives to settle this long-term debt, including the use of cash flows from operating activities, issuance of commercial paper or issuance of other long-term debt. The table above shows expected cash payments to be made by the Company in future periods and excludes the noncash portion of debt, including any fair market value adjustments, unamortized discounts and premiums.

[3] We calculated estimated interest payments for our long-term debt based on the applicable rates and payment dates. For our variable-rate debt, we have assumed the December 31, 2018 rate for all years presented. We typically expect to settle such interest payments with cash flows from operating activities and/or short-term borrowings.

[4] Refer to Note 15 of Notes to Consolidated Financial Statements for information regarding income taxes. Accrued income taxes include $3,986 million related to the one-time transition tax required by the Tax Reform Act. Liabilities of $522 million for unrecognized tax benefits plus accrued interest and penalties were not included in the total above. At this time, the settlement period for these liabilities cannot be determined. In addition, any payments related to unrecognized tax benefits may be partially or fully offset by reductions in payments in other jurisdictions.

[5] Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including long-term contractual obligations, open purchase orders, accounts payable and certain accrued liabilities. We expect to fund these obligations with cash flows from operating activities.

[6] We expect to fund these marketing obligations with cash flows from operating activities.

[7] Represents liabilities and contractual obligations of the Company's bottling operations that are classified as held for sale.

The total accrued benefit liability for pension and other postretirement benefit plans recognized as of December 31, 2018 was $1,817 million. Refer to Note 14 of Notes to Consolidated Financial Statements. This amount is impacted by, among other items, pension expense, funding levels, plan amendments, changes in plan demographics and assumptions, and the investment return on plan assets. Because the accrued liability does not represent expected liquidity needs, we did not include this amount in the contractual obligations table.

We generally expect to fund all future pension contributions with cash flows from operating activities. Our international pension plans are generally funded in accordance with local laws and income tax regulations.

As of December 31, 2018, the projected benefit obligation of the U.S. qualified pension plans was $5,170 million, and the fair value of the related plan assets was $4,842 million. The projected benefit obligation of all pension plans other than the U.S. qualified pension plans was $2,834 million, and the fair value of the related plan assets was $2,567 million. The majority of this

underfunding is attributable to an international pension plan for certain non-U.S. employees that is unfunded due to tax law restrictions, as well as certain unfunded U.S. nonqualified pension plans. These U.S. nonqualified pension plans provide, for certain associates, benefits that are not permitted to be funded through a qualified plan because of limits imposed by the Internal Revenue Code of 1986. The expected benefit payments for these unfunded pension plans are not included in the table above. However, we anticipate annual benefit payments for these unfunded pension plans to be $66 million in 2019, increasing to $70 million by 2025 and then decreasing annually thereafter. Refer to Note 14 of Notes to Consolidated Financial Statements.

The Company expects to contribute $32 million in 2019 to our global pension plans, all of which will be allocated to our international plans. Refer to Note 14 of Notes to Consolidated Financial Statements. We did not include our estimated contributions to our various plans in the table above.

In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated through actuarial procedures of the insurance industry and by using industry assumptions, adjusted for our specific expectations based on our claim history. As of December 31, 2018, our self-insurance reserves totaled $362 million. Refer to Note 12 of Notes to Consolidated Financial Statements. We did not include estimated payments related to our self-insurance reserves in the table above.

Deferred income tax liabilities as of December 31, 2018 were $1,933 million. Refer to Note 15 of Notes to Consolidated Financial Statements. This amount is not included in the total contractual obligations table because we believe that presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

Additionally, on January 3, 2019, the Company completed the acquisition of Costa for $4.9 billion, which is not included in the table above. Refer to Note 22 of Notes to Consolidated Financial Statements.

Foreign Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to changing economic and political environments as well as to fluctuations in foreign currencies.

In 2018, we used 72 functional currencies in addition to the U.S. dollar. Due to the geographic diversity of our operations, weaknesses in some of these currencies may be offset by strengths in others. In 2018 and 2017, the weighted-average exchange rates for foreign currencies in which the Company conducted operations (all operating currencies), and for certain individual currencies, strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**2018**	2017
All operating currencies	**(1)%**	—%
Brazilian real	**(12)%**	11%
Mexican peso	**(2)**	(2)
Australian dollar	**(2)**	3
South African rand	**3**	10
British pound sterling	**4**	(6)
Euro	**5**	1
Japanese yen	**2**	(3)

These percentages do not include the effects of our hedging activities and, therefore, do not reflect the actual impact of fluctuations in foreign currency exchange rates on our operating results. Our foreign currency management program is designed to mitigate, over time, a portion of the potentially unfavorable impact of exchange rate changes on our net income and earnings per share.

The total currency impact on net operating revenues, including the effect of our hedging activities, was a decrease of 1 percent in 2018 and 2017. The total currency impact on income from continuing operations before income taxes, including the effect of our hedging activities, was a decrease of 7 percent in 2018 and was nominal in 2017.

Foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 6 of Notes to Consolidated Financial Statements. Foreign currency exchange gains and losses are included as a component of other income (loss) — net in our consolidated statements of income. Refer to the heading "Operations Review — Other Income (Loss) — Net" above. The Company recorded net foreign currency exchange losses of $144 million, $57 million and $246 million during the years ended December 31, 2018, 2017 and 2016, respectively.

Hyperinflationary Economies

A hyperinflationary economy is one that has cumulative inflation of 100 percent or more over a three-year period. In accordance with U.S. GAAP, local subsidiaries in hyperinflationary economies are required to use the U.S. dollar as their functional currency and remeasure the monetary assets and liabilities not denominated in U.S. dollars using the rate applicable to conversion of a currency for purposes of dividend remittances. All exchange gains and losses resulting from remeasurement are recognized currently in income.

Venezuela has been designated as a hyperinflationary economy. During the year ended December 31, 2016 the Venezuelan government devalued its currency and changed its official and most preferential exchange rate, which should be used for purchases of certain essential goods, to 10 bolivars per U.S. dollar from 6.3. The official and most preferential rate is now known as DIPRO and the former official rate has been eliminated. The Venezuelan government replaced the former open market exchange rate with the DICOM rate, which is allowed to float freely and is expected to fluctuate based on supply and demand. As a result, management determined that the DICOM rate was the most appropriate legally available rate to remeasure the net monetary assets of our Venezuelan subsidiary.

We sell concentrate to our bottling partner in Venezuela from outside the country. These sales are denominated in U.S. dollars. During the year ended December 31, 2016, as a result of the continued lack of liquidity and our revised assessment of the U.S. dollar value we expected to realize upon the conversion of Venezuelan bolivars into U.S. dollars by our bottling partner to pay our concentrate sales receivables, we recorded a write-down of $76 million, which was recorded in the line item other operating charges in our consolidated statement of income.

We also have certain U.S. dollar-denominated intangible assets associated with products sold in Venezuela. As a result of weaker sales, the volatility of foreign currency exchange rates resulting from continued instability and the Company's revised expectations regarding the convertibility of the local currency, we recognized an impairment charge of $34 million during the year ended December 31, 2017, which was recorded in the line item other operating charges in our consolidated statement of income. As a result of the impairment charge, the remaining carrying value of all U.S. dollar-denominated intangible assets associated with products sold in Venezuela is zero.

Impact of Inflation and Changing Prices

Inflation affects the way we operate in many markets around the world. In general, we believe that, over time, we will be able to increase prices to counteract the majority of the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our productive capability.

Overview of Financial Position

The following table illustrates the change in the individual line items of the Company's consolidated balance sheet (in millions):

December 31,	2018	2017	Increase (Decrease)	Percent Change
Cash and cash equivalents	$ 8,926	$ 6,006	**$ 2,920**	**49 %**
Short-term investments	2,025	9,352	**(7,327)**	**(78)**
Marketable securities	5,013	5,317	**(304)**	**(6)**
Trade accounts receivable — net	3,396	3,667	**(271)**	**(7)**
Inventories	2,766	2,655	**111**	**4**
Prepaid expenses and other assets	1,962	2,000	**(38)**	**(2)**
Assets held for sale	—	219	**(219)**	**(100)**
Assets held for sale — discontinued operations	6,546	7,329	**(783)**	**(11)**
Equity method investments	19,407	20,856	**(1,449)**	**(7)**
Other investments	867	1,096	**(229)**	**(21)**
Other assets	4,139	4,230	**(91)**	**(2)**
Deferred income tax assets	2,667	330	**2,337**	**708**
Property, plant and equipment — net	8,232	8,203	**29**	**—**
Trademarks with indefinite lives	6,682	6,729	**(47)**	**(1)**
Bottlers' franchise rights with indefinite lives	51	138	**(87)**	**(63)**
Goodwill	10,263	9,401	**862**	**9**
Other intangible assets	274	368	**(94)**	**(26)**
Total assets	$ 83,216	$ 87,896	**$ (4,680)**	**(5 %)**
Accounts payable and accrued expenses	$ 8,932	$ 8,748	**$ 184**	**2 %**
Loans and notes payable	13,194	13,205	**(11)**	**—**
Current maturities of long-term debt	4,997	3,298	**1,699**	**52**
Accrued income taxes	378	410	**(32)**	**(8)**
Liabilities held for sale	—	37	**(37)**	**(100)**
Liabilities held for sale — discontinued operations	1,722	1,496	**226**	**15**
Long-term debt	25,364	31,182	**(5,818)**	**(19)**
Other liabilities	7,638	8,021	**(383)**	**(5)**
Deferred income tax liabilities	1,933	2,522	**(589)**	**(23)**
Total liabilities	$ 64,158	$ 68,919	**$ (4,761)**	**(7 %)**
Net assets	$ 19,058	$ 18,977	**$ 81** [1]	**— %**

[1] Includes a decrease in net assets of $2,035 million resulting from foreign currency translation adjustments in various balance sheet line items.

The increases (decreases) in the table above include the impact of the following transactions and events:

- Assets held for sale — discontinued operations decreased primarily due to a $554 million impairment charge and a $411 million allocation of goodwill to other reporting units. Refer to Note 2 and Note 17 of Notes to Consolidated Financial Statements.

- Equity method investments decreased primarily due to the derecognition of our equity method interest in the Philippine bottling operations as well as other-than-temporary impairment charges of $591 million related to certain of our equity method investees. Refer to Note 2 and Note 17 of Notes to Consolidated Financial Statements.

- Deferred income tax assets increased primarily as a result of our adoption of ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, which required us to record a deferred tax asset

of $2.9 billion during the year ended December 31, 2018. Refer to Note 1 and Note 15 of Notes to Consolidated Financial Statements.

- Goodwill increased primarily due to the acquisition of the Philippine bottling operations and the allocation of goodwill from CCBA to other reporting units. Refer to Note 2 and Note 9 of Notes to Consolidated Financial Statements.

- Current maturities of long-term debt increased and long-term debt decreased primarily due to a portion of the Company's long-term debt maturing within the next 12 months and being reclassified as current. Current maturities of long-term

debt were reduced by payments. Refer to the heading "Cash Flows from Financing Activities" above for additional information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Company uses derivative financial instruments primarily to reduce our exposure to adverse fluctuations in foreign currency exchange rates, interest rates, commodity prices and other market risks. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all of our derivative positions are used to reduce risk by hedging an underlying economic exposure. Because of the high correlation between the hedging instrument and the underlying exposure, fluctuations in the value of the instruments are generally offset by reciprocal changes in the value of the underlying exposure. The Company generally hedges anticipated exposures up to 36 months in advance; however, the majority of our derivative instruments expire within 24 months or less. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

We monitor our exposure to financial market risks using several objective measurement systems, including a sensitivity analysis to measure our exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Refer to Note 6 of Notes to Consolidated Financial Statements for additional information about our hedging transactions and derivative financial instruments.

Foreign Currency Exchange Rates

We manage most of our foreign currency exposures on a consolidated basis, which allows us to net certain exposures and take advantage of any natural offsets. In 2018, we used 72 functional currencies in addition to the U.S. dollar and generated $20,512 million of our net operating revenues from operations outside the United States; therefore, weaknesses in some currencies may be offset by strengths in other currencies over time. We use derivative financial instruments to further reduce our net exposure to foreign currency fluctuations.

Our Company enters into forward exchange contracts and purchases foreign currency options (principally euros, British pounds sterling and Japanese yen) and collars to hedge certain portions of forecasted cash flows denominated in foreign currencies. Additionally, we enter into forward exchange contracts to offset the earnings impact related to foreign currency fluctuations on certain monetary assets and liabilities. We also enter into forward exchange contracts as hedges of net investments in foreign operations.

The total notional values of our foreign currency derivatives were $17,142 million and $13,057 million as of December 31, 2018 and 2017, respectively. These values include derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. The fair value of the contracts that qualify for hedge accounting resulted in a net unrealized gain of $83 million as of December 31, 2018, and we estimate that a 10 percent weakening of the U.S. dollar would have eliminated the net unrealized gain and created a net unrealized loss of $191 million. The fair value of the contracts that do not qualify for hedge accounting resulted in a net unrealized loss of $40 million as of December 31, 2018, and we estimate that a 10 percent weakening of the U.S. dollar would have eliminated the net unrealized loss and created a net unrealized gain of $217 million.

Interest Rates

The Company is subject to interest rate volatility with regard to existing and future issuances of debt. We monitor our mix of fixed-rate and variable-rate debt as well as our mix of short-term debt and long-term debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations.

Based on the Company's variable-rate debt and derivative instruments outstanding as of December 31, 2018, we estimate that a 1 percentage point increase in interest rates would have increased interest expense by $251 million in 2018. However, this increase in interest expense would have been partially offset by the increase in interest income related to higher interest rates.

The Company is subject to interest rate risk related to its investments in highly liquid debt securities. These investments are primarily managed by external managers within the guidelines of the Company's investment policy. Our policy requires these investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss. In addition, our policy limits the amount of credit exposure to any one issuer. We estimate that a 1 percentage point increase in interest rates would result in a $100 million decrease in the fair value of our portfolio of highly liquid debt securities.

Commodity Prices

The Company is subject to market risk with respect to commodity price fluctuations, principally related to our purchases of sweeteners, metals, juices, PET and fuels. We manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing and distribution operations. When deemed appropriate, we use derivative financial

instruments to manage our exposure to commodity risks. Certain of these derivatives do not qualify for hedge accounting, but they are effective economic hedges that help the Company mitigate the price risk associated with the purchases and transportation of materials used in our manufacturing processes.

Open commodity derivatives that qualify for hedge accounting had notional values of $9 million and $35 million as of December 31, 2018 and 2017, respectively. The fair value of the contracts that qualify for hedge accounting resulted in a net unrealized loss of $1 million as of December 31, 2018, and we estimate that a 10 percent decrease in underlying commodity prices would have increased the net unrealized loss to $2 million.

Open commodity derivatives that do not qualify for hedge accounting had notional values of $373 million and $357 million as of December 31, 2018 and 2017, respectively. The fair value of the contracts that do not qualify for hedge accounting resulted in a net unrealized loss of $44 million as of December 31, 2018, and we estimate that a 10 percent decrease in underlying commodity prices would have increased the net unrealized loss to $69 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	2018	2017	2016
(In millions except per share data)			
NET OPERATING REVENUES	**$ 31,856**	$ 35,410	$ 41,863
Cost of goods sold	**11,770**	13,255	16,465
GROSS PROFIT	**20,086**	22,155	25,398
Selling, general and administrative expenses	**10,307**	12,654	15,370
Other operating charges	**1,079**	1,902	1,371
OPERATING INCOME	**8,700**	7,599	8,657
Interest income	**682**	677	642
Interest expense	**919**	841	733
Equity income (loss) — net	**1,008**	1,071	835
Other income (loss) — net	**(1,121)**	(1,764)	(1,265)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**8,350**	6,742	8,136
Income taxes from continuing operations	**1,623**	5,560	1,586
NET INCOME FROM CONTINUING OPERATIONS	**6,727**	1,182	6,550
Income (loss) from discontinued operations (net of income taxes of $126, $47 and $0, respectively)	**(251)**	101	—
CONSOLIDATED NET INCOME	**6,476**	1,283	6,550
Less: Net income attributable to noncontrolling interests	**42**	35	23
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 6,434**	$ 1,248	$ 6,527
Basic net income per share from continuing operations[1]	**$ 1.58**	$ 0.28	$ 1.51
Basic net income (loss) per share from discontinued operations[2]	**(0.07)**	0.02	—
BASIC NET INCOME PER SHARE	**$ 1.51**	$ 0.29 [3]	$ 1.51
Diluted net income per share from continuing operations[1]	**$ 1.57**	$ 0.27	$ 1.49
Diluted net income (loss) per share from discontinued operations[2]	**(0.07)**	0.02	—
DILUTED NET INCOME PER SHARE	**$ 1.50**	$ 0.29	$ 1.49
AVERAGE SHARES OUTSTANDING — BASIC	**4,259**	4,272	4,317
Effect of dilutive securities	**40**	52	50
AVERAGE SHARES OUTSTANDING — DILUTED	**4,299**	4,324	4,367

[1] Calculated based on net income from continuing operations less net income from continuing operations attributable to noncontrolling interests.

[2] Calculated based on net income (loss) from discontinued operations less net income from discontinued operations attributable to noncontrolling interests.

[3] Per share amounts do not add due to rounding.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31,		**2018**		2017		2016
(In millions)						
CONSOLIDATED NET INCOME	**$**	**6,476**	$	1,283	$	6,550
Other comprehensive income:						
Net foreign currency translation adjustments		**(2,035)**		861		(626)
Net gains (losses) on derivatives		**(7)**		(433)		(382)
Net unrealized gains (losses) on available-for-sale securities		**(34)**		188		17
Net change in pension and other benefit liabilities		**29**		322		(53)
TOTAL COMPREHENSIVE INCOME		**4,429**		2,221		5,506
Less: Comprehensive income attributable to noncontrolling interests		**95**		73		10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$**	**4,334**	$	2,148	$	5,496

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,	**2018**	2017
(In millions except par value)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 8,926**	$ 6,006
Short-term investments	**2,025**	9,352
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	**10,951**	15,358
Marketable securities	**5,013**	5,317
Trade accounts receivable, less allowances of $489 and $477, respectively	**3,396**	3,667
Inventories	**2,766**	2,655
Prepaid expenses and other assets	**1,962**	2,000
Assets held for sale	**—**	219
Assets held for sale — discontinued operations	**6,546**	7,329
TOTAL CURRENT ASSETS	**30,634**	36,545
EQUITY METHOD INVESTMENTS	**19,407**	20,856
OTHER INVESTMENTS	**867**	1,096
OTHER ASSETS	**4,139**	4,230
DEFERRED INCOME TAX ASSETS	**2,667**	330
PROPERTY, PLANT AND EQUIPMENT — net	**8,232**	8,203
TRADEMARKS WITH INDEFINITE LIVES	**6,682**	6,729
BOTTLERS' FRANCHISE RIGHTS WITH INDEFINITE LIVES	**51**	138
GOODWILL	**10,263**	9,401
OTHER INTANGIBLE ASSETS	**274**	368
TOTAL ASSETS	**$ 83,216**	$ 87,896
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 8,932**	$ 8,748
Loans and notes payable	**13,194**	13,205
Current maturities of long-term debt	**4,997**	3,298
Accrued income taxes	**378**	410
Liabilities held for sale	**—**	37
Liabilities held for sale — discontinued operations	**1,722**	1,496
TOTAL CURRENT LIABILITIES	**29,223**	27,194
LONG-TERM DEBT	**25,364**	31,182
OTHER LIABILITIES	**7,638**	8,021
DEFERRED INCOME TAX LIABILITIES	**1,933**	2,522
THE COCA-COLA COMPANY SHAREOWNERS' EQUITY		
Common stock, $0.25 par value; Authorized — 11,200 shares; Issued — 7,040 and 7,040 shares, respectively	**1,760**	1,760
Capital surplus	**16,520**	15,864
Reinvested earnings	**63,234**	60,430
Accumulated other comprehensive income (loss)	**(12,814)**	(10,305)
Treasury stock, at cost — 2,772 and 2,781 shares, respectively	**(51,719)**	(50,677)
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**16,981**	17,072

EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**2,077**	1,905
TOTAL EQUITY	**19,058**	18,977
TOTAL LIABILITIES AND EQUITY	**$ 83,216**	$ 87,896

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,	**2018**	2017	2016
(In millions)			
OPERATING ACTIVITIES			
Consolidated net income	**$ 6,476**	$ 1,283	$ 6,550
(Income) loss from discontinued operations	**251**	(101)	—
Net income from continuing operations	**6,727**	1,182	6,550
Depreciation and amortization	**1,086**	1,260	1,787
Stock-based compensation expense	**225**	219	258
Deferred income taxes	**(450)**	(1,256)	(856)
Equity (income) loss — net of dividends	**(457)**	(628)	(449)
Foreign currency adjustments	**(38)**	281	158
Significant (gains) losses on sales of assets — net	**189**	1,459	1,146
Other operating charges	**558**	1,218	647
Other items	**682**	(269)	(224)
Net change in operating assets and liabilities	**(1,202)**	3,464	(225)
Net cash provided by operating activities	**7,320**	6,930	8,792
INVESTING ACTIVITIES			
Purchases of investments	**(7,789)**	(17,296)	(16,626)
Proceeds from disposals of investments	**14,977**	16,694	17,842
Acquisitions of businesses, equity method investments and nonmarketable securities	**(1,040)**	(3,809)	(838)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	**1,362**	3,821	1,035
Purchases of property, plant and equipment	**(1,347)**	(1,675)	(2,262)
Proceeds from disposals of property, plant and equipment	**245**	104	150
Other investing activities	**(60)**	(93)	(305)
Net cash provided by (used in) investing activities	**6,348**	(2,254)	(1,004)
FINANCING ACTIVITIES			
Issuances of debt	**27,339**	29,857	27,281
Payments of debt	**(30,568)**	(28,768)	(25,615)
Issuances of stock	**1,476**	1,595	1,434
Purchases of stock for treasury	**(1,912)**	(3,682)	(3,681)
Dividends	**(6,644)**	(6,320)	(6,043)
Other financing activities	**(243)**	(91)	79
Net cash provided by (used in) financing activities	**(10,552)**	(7,409)	(6,545)
CASH FLOWS FROM DISCONTINUED OPERATIONS			
Net cash provided by (used in) operating activities from discontinued operations	**307**	111	—
Net cash provided by (used in) investing activities from discontinued operations	**(421)**	(58)	—
Net cash provided by (used in) financing activities from discontinued operations	**205**	(38)	—
Net cash provided by (used in) discontinued operations	**91**	15	—
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	**(262)**	241	(5)
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS			
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the year	**2,945**	(2,477)	1,238

Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	**6,373**	8,850	7,612
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	**9,318**	6,373	8,850
Less: Restricted cash and restricted cash equivalents at end of year	**392**	367	295
Cash and cash equivalents at end of year	**$ 8,926**	$ 6,006	$ 8,555

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31,	2018	2017	2016
(In millions except per share data)			
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY			
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	**4,259**	4,288	4,324
Treasury stock issued to employees related to stock compensation plans	**48**	53	50
Purchases of stock for treasury	**(39)**	(82)	(86)
Balance at end of year	**4,268**	4,259	4,288
COMMON STOCK	**$ 1,760**	$ 1,760	$ 1,760
CAPITAL SURPLUS			
Balance at beginning of year	**15,864**	14,993	14,016
Stock issued to employees related to stock compensation plans	**467**	655	589
Tax benefit (charge) from stock compensation plans	**—**	—	130
Stock-based compensation expense	**225**	219	258
Other activities	**(36)**	(3)	—
Balance at end of year	**16,520**	15,864	14,993
REINVESTED EARNINGS			
Balance at beginning of year	**60,430**	65,502	65,018
Adoption of accounting standards[1]	**3,014**	—	—
Net income attributable to shareowners of The Coca-Cola Company	**6,434**	1,248	6,527
Dividends (per share — $1.56, $1.48 and $1.40 in 2018, 2017 and 2016, respectively)	**(6,644)**	(6,320)	(6,043)
Balance at end of year	**63,234**	60,430	65,502
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	**(10,305)**	(11,205)	(10,174)
Adoption of accounting standards[1]	**(409)**	—	—
Net other comprehensive income (loss)	**(2,100)**	900	(1,031)
Balance at end of year	**(12,814)**	(10,305)	(11,205)
TREASURY STOCK			
Balance at beginning of year	**(50,677)**	(47,988)	(45,066)
Treasury stock issued to employees related to stock compensation plans	**704**	909	811
Purchases of stock for treasury	**(1,746)**	(3,598)	(3,733)
Balance at end of year	**(51,719)**	(50,677)	(47,988)
TOTAL EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 16,981**	$ 17,072	$ 23,062
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Balance at beginning of year	**$ 1,905**	$ 158	$ 210
Net income attributable to noncontrolling interests	**42**	35	23
Net foreign currency translation adjustments	**53**	38	(13)
Dividends paid to noncontrolling interests	**(31)**	(15)	(25)
Contributions by noncontrolling interests	**—**	—	1
Business combinations	**101**	1,805	—
Deconsolidation of certain entities	**—**	(157)	(34)
Other activities	**7**	41	(4)

TOTAL EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**$ 2,077**	$ 1,905	$ 158

[1] Refer to Note 1, Note 3, Note 4 and Note 15.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When used in these notes, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

Description of Business

The Coca-Cola Company is the world's largest nonalcoholic beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries and territories.

We make our branded beverage products available to consumers throughout the world through our network of independent bottling partners, distributors, wholesalers and retailers as well as Company-owned or -controlled bottling and distribution operations — the world's largest beverage distribution system ("Coca-Cola system"). Beverages bearing trademarks owned by or licensed to us account for more than 1.9 billion of the approximately 61 billion servings of all beverages consumed worldwide every day.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Certain prior year amounts in the consolidated financial statements and accompanying notes have been revised to conform to the current year presentation as a result of the adoption of certain accounting standards that became effective January 1, 2018, as applicable. Refer to the "Recently Adopted Accounting Guidance" section within this note below for further details.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 12. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $3,916 million and $4,523 million as of December 31, 2018 and 2017, respectively, representing our maximum exposures to loss.

The Company's investments, plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's

investments, plus any loans and guarantees, related to these VIEs totaled $49 million and $1 million as of December 31, 2018 and 2017, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions, other commercial arrangements and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Assets and Liabilities Held for Sale

Our Company classifies long-lived assets or disposal groups to be sold as held for sale in the period in which all of the following criteria are met: (1) management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; (2) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; (3) an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated; (4) the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset or disposal group beyond one year; (5) the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) 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.

We initially measure a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held-for-sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. We assess the fair value of a long-lived asset or disposal group less any costs to sell each reporting period it remains classified as held for sale and report any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Company ceases depreciation and reports long-lived assets and/or the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale, respectively, in our consolidated balance sheet. Refer to Note 2.

Discontinued Operations

A disposal group is classified as a discontinued operation when the following criteria are met: (1) the disposal group is a component of an entity; (2) the component of the entity meets the held-for-sale criteria in accordance with our policy described above; and (3) the component of the entity represents a strategic shift in the entity's operating and financial results. Alternatively, if a business meets the criteria for held for sale on the acquisition date, the business is accounted for as a discontinued operation. In October 2017, the Company and Anheuser-Busch InBev ("ABI") completed the transition of ABI's controlling interest in Coca-Cola Beverages Africa Proprietary Limited ("CCBA") to the Company for $3,150 million, resulting in its consolidation. As CCBA met the criteria for held for sale upon consolidation, we have presented the financial position and results of operations of CCBA as discontinued operations in the accompanying consolidated financial statements.

Revenue Recognition

Effective January 1, 2018, we adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of

an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectibility was reasonably assured. Refer to Note 3.

Advertising Costs

Our Company expenses production costs of print, radio, television and other advertisements as of the first date the advertisements take place. All other marketing expenditures are expensed in the annual period in which the expenditure is incurred. Advertising costs included in the line item selling, general and administrative expenses in our consolidated statements of income were $4 billion in 2018, 2017 and 2016. As of December 31, 2018 and 2017, advertising and production costs of

$54 million and $95 million, respectively, were primarily recorded in the line item prepaid expenses and other assets in our consolidated balance sheets.

For interim reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple interim periods to each of our interim reporting periods. We use the proportion of each interim period's actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each interim reporting period, we review our estimated full year unit case volume and our estimated full year marketing expenditures in order to evaluate if a change in estimate is necessary. The impact of any changes in these full year estimates is recognized in the interim period in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

Shipping and Handling Costs

Shipping and handling costs related to the movement of goods from our manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated statements of income. Shipping and handling costs incurred to move goods from our manufacturing locations or sales distribution centers to our customers are also included in the line item cost of goods sold in our consolidated statements of income, except for costs incurred to distribute goods sold by our Company-owned bottlers to our customers, which are included in the line item selling, general and administrative expenses. Our customers generally do not pay us separately for shipping and handling costs. Effective January 1, 2018, we adopted ASC 606. Upon adoption, we made a policy election to recognize the cost of shipping and handling activities that are performed after a customer obtains control of the goods as costs to fulfill our promise to provide goods to the customer. As a result of this election, the Company does not evaluate whether shipping and handling activities are services promised to customers. If revenue is recognized for the related goods before the shipping and handling activities occur, the related costs of those shipping and handling activities are accrued. Refer to Note 3 for additional information regarding revenue recognition.

Sales, Use, Value-Added and Excise Taxes

The Company collects taxes imposed directly on its customers related to sales, use, value-added, excise and other similar taxes. The Company then remits such taxes on behalf of its customers to the applicable governmental authorities. Upon adoption of ASC 606, we made a policy election to exclude from net operating revenues the tax amounts imposed on revenue-producing transactions that were collected from our customers to be remitted to governmental authorities. Accordingly, such tax amounts are recorded in the line item trade accounts receivable in our consolidated balance sheet when collection of taxes from the customer has not yet occurred and are recorded in the line item accounts payable and accrued expenses in our consolidated balance sheet until they are remitted to the applicable governmental authorities. Taxes imposed directly on the Company, whether based on receipts from sales, inventory procurement costs or manufacturing activities, are recorded in the line item cost of goods sold in our consolidated statement of income. Refer to Note 3 for additional information regarding revenue recognition.

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to shareowners of The Coca-Cola Company by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per share is computed similarly to basic net income per share, except that it includes the potential dilution that could occur if dilutive securities were exercised. Approximately 51 million, 47 million and 51 million stock option awards were excluded from the computations of diluted net income per share in 2018, 2017 and 2016, respectively, because the awards would have been antidilutive for the years presented.

The following table presents information related to net income from continuing operations and net income from discontinued operations (in millions):

Year Ended December 31,	**2018**	2017	2016
CONTINUING OPERATIONS			
Net income from continuing operations	**$ 6,727**	$ 1,182	$ 6,550
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	**(7)**	1	23
Net income from continuing operations attributable to shareowners of The Coca-Cola Company	**$ 6,734**	$ 1,181	$ 6,527
DISCONTINUED OPERATIONS			
Net income (loss) from discontinued operations	**$ (251)**	$ 101	$ —
Less: Net income from discontinued operations attributable to noncontrolling interests	**49**	34	—
Net income (loss) from discontinued operations attributable to shareowners of The Coca-Cola Company	**$ (300)**	$ 67	$ —
CONSOLIDATED			
Consolidated net income	**$ 6,476**	$ 1,283	$ 6,550
Less: Net income attributable to noncontrolling interests	**42**	35	23
Net income attributable to shareowners of The Coca-Cola Company	**$ 6,434**	$ 1,248	$ 6,527

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents or restricted cash equivalents, as applicable. Restricted cash and restricted cash equivalents generally consist of amounts held by our captive insurance companies, which are included in the line item other assets on our consolidated balance sheets, and amounts classified in assets held for sale and assets held for sale — discontinued operations. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our concentrations of credit risk.

The following table provides a summary of cash, cash equivalents, restricted cash and restricted cash equivalents that constitute the total amounts shown in the consolidated statements of cash flows (in millions):

	December 31, 2018	December 31, 2017	December 31, 2016
Cash and cash equivalents	**$ 8,926**	$ 6,006	$ 8,555
Cash and cash equivalents included in assets held for sale	**—**	13	49
Cash and cash equivalents included in assets held for sale — discontinued operations	**151**	97	—
Cash and cash equivalents included in other assets[1]	**241**	257	246
Cash, cash equivalents, restricted cash and restricted cash equivalents	**$ 9,318**	$ 6,373	$ 8,850

[1] Amounts represent cash and cash equivalents in our solvency capital portfolio set aside primarily to cover pension obligations in certain of
our European and Canadian pension plans. Refer to Note 4.

Short-Term Investments

We classify time deposits and other investments that have maturities of greater than three months but less than one year as short-term investments.

Investments in Equity and Debt Securities

Effective January 1, 2018, we adopted Accounting Standards Update ("ASU") 2016-01 *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which requires us to measure all equity investments that do not result in consolidation and are not accounted for under the

equity method at fair value and recognize any changes in earnings. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as

trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in accumulated other comprehensive income (loss) ("AOCI"), net of tax. Equity securities without readily determinable fair values were recorded at cost. Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Refer to Note 4 for additional information on our policy for investments which include our assessment of impairments.

Trade Accounts Receivable

We record trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on our history of write-offs, the level of past-due accounts based on the contractual terms of the receivables, and our relationships with, and the economic status of, our bottling partners and customers. We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Activity in the allowance for doubtful accounts was as follows (in millions):

Year Ended December 31,	**2018**	2017	2016
Balance at beginning of year	**$ 477**	$ 466	$ 352
Net charges to costs and expenses[1]	**29**	32	126
Write-offs	**(4)**	(10)	(10)
Other[2]	**(13)**	(11)	(2)
Balance at end of year	**$ 489**	$ 477	$ 466

[1] The 2016 amount was primarily related to concentrate sales receivables from our bottling partner in Venezuela. See "Hyperinflationary Economies" discussion below for additional information.

[2] Other includes foreign currency translation adjustments and the impact of reclassifying certain assets to assets held for sale. Refer to Note 2.

A significant portion of our net operating revenues and corresponding accounts receivable is derived from sales of our products in international markets. Refer to Note 3 and Note 20. We also generate a significant portion of our net operating revenues by selling concentrates and syrups to bottlers in which we have a noncontrolling interest. Refer to Note 7.

Derivative Instruments

Our Company, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk. All derivatives are carried at fair value in our consolidated balance sheets in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The cash flow impact of the Company's derivative instruments is primarily included in our consolidated statements of cash flows in net cash provided by operating activities. Refer to Note 6.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets, which are reviewed periodically and generally have the following ranges: buildings and improvements: 40 years or less; and machinery, equipment and vehicle fleet: 20 years or less. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term, including renewals that are deemed to be reasonably assured, or the estimated useful life of the improvement. Depreciation is not recorded during the period in which a long-lived asset or disposal group is classified as held for sale, even if the asset or disposal group continues to generate revenue during the period. Depreciation expense, including the

depreciation expense of assets under capital lease, totaled $999 million, $1,131 million and $1,575 million in 2018, 2017 and 2016, respectively. Amortization expense for leasehold improvements totaled $18 million, $19 million and $22 million in 2018, 2017 and 2016, respectively. Refer to Note 8.

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment test is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use. Refer to Note 17.

Goodwill, Trademarks and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging from 1 to 20 years. Refer to Note 9.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment tests as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value,
including goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a hypothetical marketplace participant would use. The Company has the option to perform a qualitative assessment of goodwill in order to

determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further testing.

Impairment charges related to intangible assets, including goodwill, are generally recorded in the line item other operating charges or, to the extent they relate to equity method investees, in the line item equity income (loss) — net in our consolidated statements of income.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Refer to Note 12.

Stock-Based Compensation

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. These awards include stock options, restricted stock units, restricted stock and performance–based share units. The fair value of our stock option grants is estimated on the grant date using a Black-Scholes-Merton option-pricing model. The Company recognizes compensation expense on a straight-line basis over the period the stock option grant is earned by the employee, generally four years.

The fair value of our restricted stock units, restricted stock and certain performance-based share units is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the relevant period. For most performance-based share units granted from 2014 to 2017 and for performance-based share units granted to executives in 2018, the Company includes a relative total shareowner return ("TSR") modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of performance-based share units that include the TSR modifier is determined using a Monte Carlo valuation model.

In the period it becomes probable that the minimum performance threshold specified in the performance-based share award will be achieved, we recognize expense for the proportionate share of the total fair value of the award related to the vesting period that has already lapsed. The remaining fair value of the award is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum performance threshold specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made.

The Company has made a policy election to estimate the number of stock-based compensation awards that are expected to vest to determine the amount of compensation expense recognized in earnings. Forfeiture estimates are trued-up through the vesting date, in order to ensure that total compensation expense is recognized only for those awards that ultimately vest. Refer to Note 13.

Income Taxes

Income tax expense includes U.S., state, local and international income taxes, plus a provision for U.S. taxes on undistributed earnings of foreign subsidiaries and other prescribed foreign entities not deemed to be indefinitely reinvested. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. The Company records taxes that are collected from customers and remitted to governmental authorities on a net basis in our consolidated statements of income.

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained, (2) the tax position is "more likely than not" to be sustained, but for a lesser amount, or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of

years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. The number of years subject to tax assessments varies depending on the tax jurisdiction. The tax benefit

that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Refer to Note 12 and Note 15.

Translation and Remeasurement

We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Generally, our foreign subsidiaries use the local currency as their functional currency. Changes in the carrying value of these assets and liabilities attributable to fluctuations in spot rates are recognized in foreign currency translation adjustment, a component of AOCI. Refer to Note 16. Income statement accounts are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is recognized in the line item other income (loss) — net in our consolidated statements of income and is partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 6.

Hyperinflationary Economies

A hyperinflationary economy is one that has cumulative inflation of 100 percent or more over a three-year period. In accordance with U.S. GAAP, local subsidiaries in hyperinflationary economies are required to use the U.S. dollar as their functional currency and remeasure the monetary assets and liabilities not denominated in U.S. dollars using the rate applicable to conversion of a currency for purposes of dividend remittances. All exchange gains and losses resulting from remeasurement are recognized currently in income.

Venezuela has been designated as a hyperinflationary economy. During the year ended December 31, 2016, the Venezuelan government devalued its currency and changed its official and most preferential exchange rate, which should be used for purchases of certain essential goods, to 10 bolivars per U.S. dollar from 6.3. The official and most preferential rate is now known as DIPRO and the former official rate has been eliminated. The Venezuelan government replaced the former open market exchange rate with the DICOM rate, which is allowed to float freely and is expected to fluctuate based on supply and demand. As a result, management determined that the DICOM rate was the most appropriate legally available rate to remeasure the net monetary assets of our Venezuelan subsidiary.

We sell concentrate to our bottling partner in Venezuela from outside the country. These sales are denominated in U.S. dollars. During the year ended December 31, 2016, as a result of the continued lack of liquidity and our revised assessment of the U.S. dollar value we expected to realize upon the conversion of Venezuelan bolivars into U.S. dollars by our bottling partner to pay our concentrate sales receivables, we recorded a write-down of $76 million, which was recorded in the line item other operating charges in our consolidated statement of income.

We also have certain U.S. dollar-denominated intangible assets associated with products sold in Venezuela. As a result of weaker sales, the volatility of foreign currency exchange rates resulting from continued instability and the Company's revised expectations regarding the convertibility of the local currency, we recognized an impairment charge of $34 million during the year ended December 31, 2017, which was recorded in the line item other operating charges in our consolidated statement of income. As a result of this impairment charge, the remaining carrying value of all U.S. dollar-denominated intangible assets associated with products sold in Venezuela is zero.

Refer to Note 20 for the impact these items had on our operating segments and Corporate.

Recently Adopted Accounting Guidance

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. ASU 2014-09 and its amendments were included primarily in ASC 606. The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASC 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. We adopted ASC 606 effective January 1, 2018, using the modified retrospective method. We recognized a cumulative effect adjustment to decrease the opening balance of reinvested earnings as of January 1, 2018 by $257 million, net of tax. The Company has changed our accounting policies and

practices, business processes, systems and controls, as well as designed and implemented specific controls over our evaluation

of the impact of the new guidance on the Company, including the cumulative effect calculation, disclosure requirements and the collection of relevant data for the reporting process. Refer to Note 3.

In January 2016, the FASB issued ASU 2016-01, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 was effective for the Company beginning January 1, 2018, and we are now recognizing any changes in the fair value of certain equity investments in net income as prescribed by the new standard rather than in other comprehensive income ("OCI"). We recognized a cumulative effect adjustment to increase the opening balance of reinvested earnings as of January 1, 2018 by $409 million, net of tax. Refer to Note 4 for additional disclosures required by this ASU.

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation: Improvements to Employee Share-Based Payment Accounting*. The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. The Company adopted ASU 2016-09 on January 1, 2017 by prospectively recognizing excess tax benefits and tax deficiencies in our consolidated statement of income as the awards vested or were settled. Effective January 1, 2017, the Company also prospectively presented excess tax benefits as an operating activity, rather than a financing activity, in our consolidated statement of cash flows. Had these changes been required to be adopted retrospectively, during the year ended December 31, 2016, the Company would have recognized an additional $130 million of excess tax benefits in our consolidated statement of income. Additionally, during the year ended December 31, 2016, the Company would have reduced our financing activities and increased our operating activities by $130 million in our consolidated statement of cash flows. The Company has elected, consistent with past practice, to estimate the number of awards that are expected to vest to determine the amount of stock-based compensation expense recognized in earnings.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU 2016-15 was effective for the Company beginning January 1, 2018 and was adopted using the retrospective transition approach to all periods presented. The impact of the adoption of ASU 2016-15 on our consolidated statement of cash flows was a change in presentation related to our proceeds from the settlement of corporate-owned life insurance policies. We revised our consolidated statement of cash flows to reflect these proceeds in the line item other investing activities, which were previously presented in the line item net change in operating assets and liabilities. During the years ended December 31, 2017 and 2016, the amount of proceeds received from the settlement of corporate-owned life insurance policies was $65 million and $3 million, respectively.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which requires the Company to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 was effective for the Company beginning January 1, 2018 and was adopted using a modified retrospective basis. We recorded a $2.9 billion cumulative effect adjustment to increase the opening balance of reinvested earnings, with the majority of the offset being recorded in the line item deferred income tax assets in our consolidated balance sheet. Refer to Note 15.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*. The amendments in this update address diversity in practice that exists in the classification and presentation of changes in amounts generally described as restricted cash and require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts that an entity defines as restricted cash for purposes of this standard or otherwise does not present in the line item cash and cash equivalents on its balance sheet. ASU 2016-18 was effective for the Company beginning January 1, 2018 and was adopted using the retrospective transition method to all periods presented.

Prior to the adoption of ASU 2016-18, we presented the transfer of cash and cash equivalents into or out of our captive insurance companies in the line items purchases of investments and proceeds from disposals of investments in our consolidated statement of cash flows. We did not present the purchases of investments and proceeds from disposals of investments within our captive insurance companies. Cash flows related to cash and cash equivalents included in our insurance captives are now presented in the line items purchases of investments and proceeds from disposals of investments within the investing activities section of our consolidated statement of cash flows. During the year ended December 31, 2017, the purchases of investments and proceeds from disposals of investments within our captive insurance companies were $777 million and $773 million, respectively. During the year ended December 31, 2016, the purchases of investments and proceeds from disposals of investments within our captive insurance companies were $1,388 million and $1,304 million, respectively.

Prior to the adoption of ASU 2016-18, we treated the change in cash and cash equivalents included in assets held for sale as an adjustment to the line item other investing activities within our consolidated statement of cash flows. With the adoption of this ASU, we no longer make this adjustment and we revised the prior year to remove this adjustment. During the year ended December 31, 2017, the change in cash and cash equivalents included in assets held for sale was $36 million. During the year ended December 31, 2016, the change in cash and cash equivalents included in assets held for sale was $94 million. Refer to

the heading "Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents" above for additional disclosures required by this ASU.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires that the service cost component of the Company's net periodic pension cost and net periodic postretirement benefit cost be included in the same line item as other compensation costs arising from services rendered by employees, with the non-service cost components of net periodic benefit cost and other benefit plan charges and credits being classified outside of a subtotal of income from operations. ASU 2017-07 was effective for the Company beginning January 1, 2018 and was adopted retrospectively for the presentation of the other components of net periodic benefit cost and other benefit plan charges and credits in our consolidated statements of income. As part of our adoption, we elected to use a practical expedient which allows us to use information previously disclosed in our note on pension and other postretirement benefit plans as the estimation basis for applying the retrospective presentation requirements of this ASU. During the years ended December 31, 2017 and December 31, 2016, we reclassified $98 million and $31 million of expense, respectively, related to our non-service cost components of net periodic benefit cost and other benefit plan charges and credits from operating income to other income (loss) — net in our consolidated statements of income. Refer to Note 14 for additional disclosures required by this ASU.

In March 2018, the FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118.* The amendments in this update provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Cuts and Jobs Act ("Tax Reform Act"). The amendments also require any provisional amounts or subsequent adjustments to be included in net income from continuing operations. Additionally, this ASU discusses required disclosures that an entity must make with regard to the Tax Reform Act. This ASU is effective immediately as new information is available to adjust provisional amounts that were previously recorded. The Company adopted this standard and subsequently finalized the accounting based on the guidance, interpretations and data available as of December 31, 2018. Refer to Note 15 for additional information on the Tax Reform Act.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the balance sheet for all leases with terms greater than 12 months. The guidance also modifies the classification criteria and the accounting for sales-type and direct financing leases by lessors. Additionally, the guidance requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. The Company has substantially completed its preparation for the adoption of this new accounting standard. This included assessing the completeness of our lease arrangements, evaluating practical expedients and accounting policy elections, executing changes to our business process, which include our systems and controls, and implementing software to meet the reporting requirements of this standard.

ASU 2016-02 is effective for the Company beginning January 1, 2019. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The Company expects to elect certain practical expedients, including the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs, and is evaluating the other practical expedients available under the guidance. The Company also plans to elect the optional transition method that will give companies the option to use the effective date as the date of initial application on transition, and as a result, we will not adjust our comparative period financial information or make the new required lease disclosures for periods before the effective date. The Company anticipates the adoption of this new standard will result in an increase of approximately 1 percent of total assets and liabilities on our consolidated balance sheet. This estimate does not include transactions that closed in the first quarter of 2019, such as Costa Limited ("Costa"). While we are substantially complete with the process of quantifying the impacts that will result from applying the new guidance, our assessment will be finalized during the first quarter of 2019. We do not expect the new standard to have a material impact on the Company's consolidated statement of income. As the impact of this standard is noncash in nature, we do not anticipate its adoption having an impact on the Company's consolidated statement of cash flows.

In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which eliminates the requirement to separately measure and report hedge ineffectiveness and requires companies to recognize all elements of hedge accounting that impact earnings in the same line item in the statement of income where the hedged item resides. The amendments include new alternatives for measuring the hedged item for fair value hedges of interest rate risk and ease the requirements for effectiveness testing, hedge documentation and

applying the critical terms match method. Finally, the standard introduces new alternatives that permit companies to reduce the risk of material error if the shortcut method is misapplied. ASU 2017-12 is effective for the Company beginning January 1, 2019 and is required to be applied prospectively. The adoption of

this ASU is not expected to have a material impact on our consolidated balance sheet, statement of income or statement of cash flows.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which permits entities to reclassify the disproportionate income tax effects of the Tax Reform Act on items within accumulated other comprehensive income (loss) ("AOCI") to reinvested earnings. These disproportionate income tax effect items are referred to as "stranded tax effects." Amendments in this update only relate to the reclassification of the income tax effects of the Tax Reform Act. Other accounting guidance that requires the effect of changes in tax laws or rates to be included in net income from continuing operations is not affected by this update. ASU 2018-02 is effective for the Company beginning January 1, 2019 and should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Reform Act is recognized. We have elected to apply this standard in the period of adoption and will recognize a cumulative effect adjustment to the opening balance of reinvested earnings as of January 1, 2019. We expect this cumulative effect adjustment to increase reinvested earnings by approximately $500 million.

NOTE 2: ACQUISITIONS AND DIVESTITURES

Acquisitions

During 2018, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $1,040 million, which included the acquisition of the 51 percent controlling interest in the Philippine bottling operations from Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), an equity method investee. Refer to the "Philippine Bottling Operations" section within this note below for further details. Additionally, we acquired a minority interest in BA Sports Nutrition, LLC ("BodyArmor"). We account for our minority interest in BodyArmor as an equity method investment based on our equity ownership percentage and our representation on their Management Committee. We obtained an option to acquire the remaining ownership interests in BodyArmor based on an agreed-upon formula, which becomes exercisable in 2021. Upon the expiration of the Company's option, BodyArmor has the option to sell their remaining interests to the Company based on the same agreed-upon formula. The Company also acquired additional ownership interests in the Company's franchise bottlers in the United Arab Emirates and in Oman, both of which were previously equity method investees of the Company. As a result of the additional interest acquired in the Oman bottler, we obtained a controlling interest, resulting in its consolidation.

During 2017, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $3,809 million, of which $3,150 million related to the transition of ABI's 54.5 percent controlling interest in CCBA to the Company, resulting in its consolidation in October 2017. The financial position and results of operations of CCBA are being accounted for as a discontinued operation. Refer to the "Discontinued Operations" section within this note below for further details. Additionally, in conjunction with the refranchising of Coca-Cola Refreshments' ("CCR") Southwest operating unit ("Southwest Transaction"), we obtained an equity interest in AC Bebidas, S. de R.L. de C.V. ("AC Bebidas"), a subsidiary of Arca Continental, S.A.B. de C.V. ("Arca"), primarily for noncash consideration. Refer to the "North America Refranchising — United States" section within this note below for further details. The remaining activity primarily related to the acquisition of AdeS, a plant-based beverage business, by the Company and several of its bottling partners in Latin America, and the acquisition of the U.S. rights to the Topo Chico premium sparkling water brand from AC Bebidas, an equity method investee.

During 2016, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $838 million, which primarily related to our acquisition of Xiamen Culiangwang Beverage Technology Co., Ltd. ("China Green"), a maker of plant-based protein beverages in China, and a minority investment in CHI Limited ("CHI"), a Nigerian producer of value-added dairy and juice beverages, which is accounted for under the equity method of accounting. Under the terms of the agreement for our investment in CHI, the Company acquired the remaining ownership interest from the existing shareowners in January 2019.

Philippine Bottling Operations

In December 2018, the Company acquired the 51 percent controlling interest in the Philippine bottling operations held by Coca-Cola FEMSA, an equity method investee, in exchange for $715 million of cash. The acquired business had $345 million of cash on hand upon acquisition. The acquisition was a result of Coca-Cola FEMSA exercising the option to sell its ownership interest to the Company. Coca-Cola FEMSA obtained this option when it originally acquired the controlling interest from the Company in 2013. As a result of this acquisition, we now own 100 percent of the Philippine bottling operations. Upon consolidation, we recognized a net charge of $32 million, which included the remeasurement of our previously held equity interest in the Philippine bottling operations to fair value and the

reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs. The net charge was recorded in the line item other income (loss) — net in our consolidated statement of income.

Divestitures

During 2018, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $1,362 million, primarily related to proceeds from the refranchising of our Canadian and Latin American bottling operations, as well as the sale of our equity ownership in Corporación Lindley S.A. ("Lindley").

During 2017, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $3,821 million, primarily related to proceeds from the refranchising of certain of our bottling territories in North America and our China bottling operations.

During 2016, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $1,035 million, primarily related to proceeds from the refranchising of certain of our bottling territories in North America.

Latin America Bottling Operations

As of December 31, 2017, certain of the Company's bottling operations in Latin America were classified as held for sale. During 2018, the Company sold its bottling operations in Latin America to Coca-Cola FEMSA, an equity method investee. We received net cash proceeds of $289 million as a result of these sales and recognized a net gain of $47 million, which was included in the line item other income (loss) — net in our consolidated statement of income.

Corporación Lindley S.A.

In September 2018, we sold our equity ownership in Lindley to AC Bebidas, an equity method investee. We received net cash proceeds of $507 million and recognized a net gain of $296 million during the year ended December 31, 2018, which was included in the line item other income (loss) — net in our consolidated statement of income.

North America Refranchising — Canada

In September 2018, the Company completed its North America refranchising with the sale of its Canadian bottling operations. We received initial net cash proceeds of $518 million and recognized a net charge of $385 million during the year ended December 31, 2018, which was included in the line item other income (loss) — net in our consolidated statement of income.

North America Refranchising — United States

In conjunction with implementing a new beverage partnership model in North America, the Company refranchised bottling territories in the United States that were previously managed by CCR to certain of our unconsolidated bottling partners. These territories generally border these bottlers' existing territories, allowing each bottler to better service local customers and provide more efficient execution. By entering into comprehensive beverage agreements ("CBAs") with each of the bottlers, we granted certain exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage products as defined by the CBA.

Each CBA generally has a term of 10 years and is renewable, in most cases by the bottler and in some cases by the Company, indefinitely for successive additional terms of 10 years each. Under the CBA, except for the CBA entered into in conjunction with the Southwest Transaction and for additional territories sold to AC Bebidas as well as the CBA entered into with Liberty Coca-Cola Beverages, the bottlers make ongoing quarterly payments to the Company based on their gross profit in the refranchised territories throughout the term of the CBA, including renewals, in exchange for the grant of the exclusive territory rights. Liberty Coca-Cola Beverages, the co-owners of which are former management of CCR, will make ongoing quarterly payments based on the gross profit in its refranchised territories upon the earlier of reaching a predefined level of profitability, or the 41st quarter following the closing date.

Contemporaneously with the grant of these rights, the Company sold the distribution assets, certain working capital items, and the exclusive rights to distribute certain beverage brands not owned by the Company, but distributed by CCR, in each of these territories to the respective bottlers in exchange for cash, except for the territory included in the Southwest Transaction. As discussed further below, we did not receive cash in the Southwest Transaction for these items.

In 2016, the Company formed a new National Product Supply System ("NPSS") to facilitate optimal operation of the U.S. product supply system. Under the NPSS, the Company and several of its independent producing bottlers administer key

national product supply activities for these bottlers. Additionally, CCR sold production assets to these independent producing bottlers in exchange for cash, excluding production facilities included in the Southwest Transaction.

During the years ended December 31, 2018, December 31, 2017 and December 31, 2016, cash proceeds from these sales totaled $3 million, $2,860 million and $1,017 million, respectively. Included in the cash proceeds for the years ended December 31, 2017 and December 31, 2016 was $336 million and $279 million, respectively, from Coca-Cola Bottling Co. Consolidated now known as Coca-Cola Consolidated, Inc. ("CCCI"), an equity method investee. Also included in the cash

proceeds for the year ended December 31, 2017 was $220 million from AC Bebidas and $39 million from Liberty Coca-Cola Beverages.

Under the applicable accounting guidance, we were required to derecognize all of the tangible assets sold as well as the intangible assets transferred, including distribution rights, customer relationships and an allocated portion of goodwill related to these territories. We recognized net charges of $91 million, $3,177 million and $2,456 million during the years ended December 31, 2018, December 31, 2017 and December 31, 2016, respectively. Included in these amounts are net charges from transactions with equity method investees or former management of $21 million, $1,104 million and $492 million, during the years ended December 31, 2018, December 31, 2017 and December 31, 2016, respectively. The net charges in 2018 were primarily related to post-closing adjustments as contemplated by the related agreements. The net charges in 2017 and 2016 were primarily related to the derecognition of the intangible assets transferred or reclassified as held for sale and were included in the line item other income (loss) — net in our consolidated statements of income. The net charges in 2017 included $236 million of expense associated with an indemnification liability related to an underfunded multi-employer benefit plan in which employees of certain refranchised territories participate. In total, we expect to recover the value of the intangible assets transferred to the bottlers under the CBAs through the future quarterly payments; however, as the payments for the territory rights are dependent on the bottlers' future gross profit in these territories, they are considered a form of contingent consideration.

There is diversity in practice as it relates to the accounting for contingent consideration by the seller. The seller can account for the future contingent payments received as a gain contingency, recognizing the amounts in the statement of income only after the related contingencies are resolved and the gain is realized, which in this arrangement will be quarterly as the bottlers earn gross profit in the transferred territories. Alternatively, the seller can record a receivable for the contingent consideration at fair value on the date of sale and record any future differences between the payments received and this receivable in the statement of income as they occur. We elected the gain contingency treatment since the quarterly payments will be received throughout the terms of the CBAs, including all subsequent renewals, regardless of the cumulative amount received as compared to the value of the intangible assets transferred.

During the years ended December 31, 2018, December 31, 2017 and December 31, 2016, the Company recorded charges of $34 million, $313 million and $31 million, respectively, primarily related to payments made to certain of our unconsolidated bottling partners in order to convert the bottling agreements for their legacy territories and any previously refranchised territories to a single form of CBA with additional requirements. The additional requirements generally include a binding national governance model, mandatory incidence pricing and additional core performance requirements, among other things. As a result of these conversions, the legacy territories and any previously refranchised territories for each of the related bottling partners will be governed under similar CBAs, which will provide consistency across each such bottler's respective territory, as well as consistency with other U.S. bottlers that have been granted or converted to this form of CBA. The charges related to these payments were included in the line item other income (loss) — net in our consolidated statements of income during the years ended December 31, 2018, December 31, 2017 and December 31, 2016.

On April 1, 2017, the Company refranchised the Southwest operating unit of CCR, which includes Texas and parts of Oklahoma, New Mexico and Arkansas, in the Southwest Transaction. In conjunction with the Southwest Transaction, Arca contributed its existing beverage business to AC Bebidas. CCR contributed its Southwest operating unit, including all of its assets and liabilities, to AC Bebidas in exchange for an approximate 20 percent interest in AC Bebidas. Arca owns the remaining interest in AC Bebidas. CCR also made cash payments of $144 million, net of cash received. As a result of the Southwest Transaction, the Company recognized a gain of $1,037 million due to the difference in the recorded carrying value of the net assets transferred compared to the value of the interest it obtained in AC Bebidas of $2,960 million, which was determined using an income and market approach (a Level 3 measurement). This gain was recorded in the line item other income (loss) — net in our consolidated statement of income. The Company accounts for its interest in AC Bebidas as an equity method investment based on our equity ownership percentage, our representation on AC Bebidas' Board of Directors, material intercompany transactions and other governance rights.

Refer to Note 20 for the impact these items had on our operating segments and Corporate.

Refranchising of China Bottling Operations

In 2017, the Company sold its bottling operations in China to the two existing local franchise bottlers, one of which is an equity method investee, and sold a related cost method investment to one of the franchise bottlers. We received net cash proceeds of $963 million as a result of these sales and recognized a gain of $88 million during the year ended December 31, 2017, which was included in the line item other income (loss) — net in our consolidated statement of income.

Coca-Cola European Partners

In May 2016, the Company merged our German bottling operations with Coca-Cola Enterprises, Inc. ("CCE") and Coca-Cola Iberian Partners, S.A.U., formerly known as Coca-Cola Iberian Partners, S.A. ("CCIP"), to create Coca-Cola European Partners plc ("CCEP"). In exchange for our German bottling operations, we received an 18 percent interest in CCEP. As a result of recording our interest in CCEP at fair value based on its quoted market price (a Level 1 measurement), the deconsolidation of our German bottling operations, and the related reversal of its cumulative translation adjustments, we recognized a gain of $1,400 million. This gain was partially offset by a $77 million charge incurred as a result of reclassifying losses related to our net investment hedges of our German bottling operations from AOCI into earnings as well as transaction costs incurred resulting in a net gain of $1,287 million during the year ended December 31, 2016. Refer to Note 16. With the exception of the transaction costs, the net gain was recorded in the line item other income (loss) — net in our consolidated statement of income. The Company accounts for its interest in CCEP as an equity method investment based on our equity ownership percentage, our representation on CCEP's Board of Directors, material intercompany transactions and other governance rights.

Coca-Cola Beverages Africa Proprietary Limited

In July 2016, the Company, SABMiller plc and Gutsche Family Investments combined the bottling operations of each of the parties' nonalcoholic ready-to-drink beverage businesses in Southern and East Africa to form a new bottler, which is called CCBA. The Company: (1) contributed its South African bottling operations to CCBA, which included certain wholly owned subsidiaries and an equity method investment; (2) paid $150 million in cash; (3) obtained a 12 percent interest in CCBA and a 3 percent interest in CCBA's South African subsidiary; and (4) acquired several trademarks that are generally indefinite-lived.

As a result of recording our interests in CCBA and its South African subsidiary at fair value, the deconsolidation of our South African bottling operations, the derecognition of the equity method investment, and the reversal of related cumulative translation adjustments, we recognized a charge of $21 million. The fair values of the equity investments in CCBA and CCBA's South African subsidiary, along with the acquired trademarks, were determined using income approaches, including discounted cash flow models (a Level 3 measurement), and the Company believes the inputs and assumptions used are consistent with those hypothetical marketplace participants would use. The loss recognized resulted primarily from the reversal of the related cumulative translation adjustments. This loss was recorded in the line item other income (loss) — net in our consolidated statement of income during the year ended December 31, 2016.

Based on the level of equity ownership, the Company's representation on CCBA's Board of Directors (two of its ten members) and other governance rights, the Company accounted for its interests in CCBA and CCBA's South African subsidiary as equity method investments. The Company's interest in CCBA provided it with a call option to acquire the ownership interest of SABMiller plc at fair value upon the occurrence of certain events, including upon a change in control of SABMiller plc.

In October 2016, ABI acquired SABMiller plc, including its 54.5 percent controlling interest in CCBA, and as a result, we exercised our call option. In October 2017, the Company and ABI completed the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. We plan to hold our controlling interest in CCBA temporarily. Accordingly, we have presented the financial position and results of operations of CCBA as discontinued operations in the accompanying consolidated financial statements from its date of acquisition. Refer to the "Discontinued Operations" section within this note below for further discussion.

Keurig Green Mountain, Inc.

In March 2016, a JAB Holding Company-led investor group acquired Keurig Green Mountain, Inc. ("Keurig"). As a result, the Company received proceeds of $2,380 million, which were recorded in the line item proceeds from disposals of investments in our consolidated statement of cash flows, and recorded a gain of $18 million related to the disposal of our shares of Keurig in the line item other income (loss) — net in our consolidated statement of income during the year ended December 31, 2016.

Assets and Liabilities Held for Sale

As of December 31, 2017, the Company had certain bottling operations in North America and Latin America that met the criteria to be classified as held for sale, which requires us to present the related assets and liabilities as separate line items in our consolidated balance sheet. As these bottling territories met the criteria to be classified as held for sale, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell based on the agreed-upon sale

price and present the related assets and liabilities as separate line items in our consolidated balance sheet. These operations were refranchised in 2018.

The following table presents information related to the major classes of assets and liabilities that were classified as held for sale in our consolidated balance sheet (in millions):

		December 31, 2017	
Cash, cash equivalents and short-term investments	$	13	
Trade accounts receivable, less allowances		10	
Inventories		11	
Prepaid expenses and other assets		12	
Other assets		7	
Property, plant and equipment — net		85	
Bottlers' franchise rights with indefinite lives		5	
Goodwill		103	
Other intangible assets		1	
Allowance for reduction of assets held for sale		(28)	
Assets held for sale	$	219	[1]
Accounts payable and accrued expenses	$	22	
Other liabilities		12	
Deferred income taxes		3	
Liabilities held for sale	$	37	[2]

[1] Consists of total assets relating to North America refranchising of $9 million and Latin America bottling operations of $210 million, which are included in the Bottling Investments operating segment.

[2] Consists of total liabilities relating to North America refranchising of $5 million and Latin America bottling operations of $32 million, which are included in the Bottling Investments operating segment.

We determined that the operations included in the table above did not meet the criteria to be classified as discontinued operations under the applicable guidance.

Discontinued Operations

In October 2017, the Company and ABI completed the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. We plan to hold a controlling interest in CCBA temporarily. We anticipate that we will divest a portion of our ownership interest in 2019, which will result in the Company no longer having a controlling interest in CCBA. Accordingly, we have presented the financial position and results of operations of CCBA as discontinued operations in the accompanying consolidated financial statements. As CCBA met the criteria to be classified as held for sale, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell and present the related assets and liabilities as separate line items in our consolidated balance sheet. During the year ended December 31, 2018, we recorded an impairment charge of $554 million, reflecting management's view of the proceeds that are expected to be received based on revised projections of future operating results and foreign currency exchange rate fluctuations. Refer to Note 17.

Upon consolidation of CCBA, we remeasured our previously held equity interests in CCBA and its South African subsidiary to fair value and recorded a gain on the remeasurement of $150 million. The fair values in our previously held equity investments in CCBA and its South African subsidiary were determined using income approaches, including discounted cash flow models (a Level 3 measurement), and the Company believes the inputs and assumptions used are consistent with those hypothetical marketplace participants would use. We recorded $1,805 million for the noncontrolling interests of CCBA. The fair value of the noncontrolling interests was determined in a manner similar to our previously held equity investments.

The preliminary goodwill recorded at the time of the transaction was $4,262 million, none of which is tax deductible. This goodwill is in part due to the significant synergies that are expected from the consolidation of the bottling system in Southern and East Africa, especially within the country of South Africa. As a result, upon finalization of

purchase accounting $411 million of the final goodwill balance of $4,186 million was allocated to other reporting units expected to benefit from this transaction.

During 2018, the Company acquired additional bottling operations in Zambia and Botswana, which have also been included in assets held for sale — discontinued operations and liabilities held for sale — discontinued operations.

The following table presents information related to the major classes of assets and liabilities of CCBA that were classified as held for sale — discontinued operations in our consolidated balance sheets (in millions):

	December 31, 2018	December 31, 2017
Cash, cash equivalents and short-term investments	**$ 151**	$ 97
Trade accounts receivable, less allowances	**289**	299
Inventories	**305**	299
Prepaid expenses and other assets	**97**	52
Equity method investments	**5**	7
Other assets	**15**	29
Property, plant and equipment — net	**1,587**	1,436
Goodwill	**3,847**	4,248
Other intangible assets	**796**	862
Allowance for reduction of assets held for sale	**(546)**	—
Assets held for sale — discontinued operations	**$ 6,546**	$ 7,329
Accounts payable and accrued expenses	**$ 602**	$ 598
Loans and notes payable	**641**	404
Current maturities of long-term debt	**6**	6
Accrued income taxes	**32**	40
Long-term debt	**12**	19
Other liabilities	**8**	10
Deferred income taxes	**421**	419
Liabilities held for sale — discontinued operations	**$ 1,722**	$ 1,496

NOTE 3: REVENUE RECOGNITION

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our domestic and international concentrate operations, we typically generate net operating revenues by selling concentrates, syrups and certain finished beverages to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine the concentrates with sweeteners (depending on the product), still water and/or sparkling water, or combine the syrups with sparkling water to produce finished beverages. The finished beverages are packaged in authorized containers, such as cans and refillable and nonrefillable glass and plastic bottles, bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. In addition, outside the United States, our bottling partners are typically authorized to manufacture fountain syrups, using our concentrate, which they sell to fountain retailers for use in producing beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers. Our concentrate operations are included in our geographic operating segments.

Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other finished nonalcoholic beverages, such as water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors and wholesalers who distribute them to retailers. These operations consist primarily of Company-owned or -controlled bottling, sales and distribution

operations, which are included in our Bottling Investments operating segment. In certain markets, the Company also operates non-bottling finished product operations in which we sell finished beverages to distributors and wholesalers that are generally not one of the Company's bottling partners. These operations are generally included in one of our geographic operating segments. In the United States, we

manufacture fountain syrups and sell them to fountain retailers, who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment. Generally, finished product operations produce higher net operating revenues but lower gross profit margins compared to concentrate operations.

We adopted ASC 606 effective January 1, 2018, using the modified retrospective method. We have applied this standard to all contracts at the effective date and contracts entered into thereafter. Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Our performance obligation generally consists of the promise to sell concentrates or finished products to our bottling partners, wholesalers, distributors or retailers. Control of the concentrates or finished products is transferred upon shipment to, or receipt at, our customers' locations, as determined by the specific terms of the contract. Once control is transferred to the customer, we have completed our performance obligation, and revenue is recognized. Our sales terms generally do not allow for a right of return except for matters related to any manufacturing defects on our part. After completion of our performance obligation, we have an unconditional right to consideration as outlined in the contract. Our receivables will generally be collected in less than six months, in accordance with the underlying payment terms. All of our performance obligations under the terms of contracts with our customers have an original duration of one year or less.

Our customers and bottling partners may be entitled to cash discounts, funds for promotional and marketing activities, volume-based incentive programs, support for infrastructure programs and other similar programs. In some markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned financial objectives and the flexibility necessary to meet consumers' always changing needs and tastes, we worked with our bottling partners to develop and implement an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products produced from the concentrate are sold, and package mix. The amounts associated with the arrangements described above are defined as variable consideration under ASC 606 and an estimate of which is included in the transaction price as a component of net operating revenues in our consolidated statement of income upon completion of our performance obligations. The total revenue recorded, including any variable consideration, cannot exceed the amount for which it is probable that a significant reversal will not occur when uncertainties related to variability are resolved. As a result, we are recognizing revenue based on our faithful depiction of the consideration that we expect to receive. In making our estimates of variable consideration, we consider past results and make significant assumptions related to: (1) customer sales volumes; (2) customer ending inventories; (3) customer selling price per unit; (4) selling channels; and (5) discount rates, rebates and other pricing allowances, as applicable. In gathering data to estimate our variable consideration, we generally calculate our estimates using a portfolio approach at the country and product line level rather than at the individual contract level. The result of making these estimates will impact the line items trade accounts receivable and accounts payable and accrued expenses in our consolidated balance sheet. The actual amounts ultimately paid and/or received may be different from our estimates. The change in the amount of variable consideration recognized during the year ended December 31, 2018 related to performance obligations satisfied in prior periods was immaterial.

In addition to changes in the timing of when we record variable consideration, ASC 606 provided clarification about the classification of certain costs relating to revenue arrangements with customers. As a result, during the year ended December 31, 2018, we recorded certain amounts in cost of goods sold or selling, general and administrative expenses that were previously classified as reductions in net operating revenues. The Company also re-evaluated the principal versus agent considerations pertaining to certain of its arrangements with third-party manufacturers and co-packers. We recorded certain costs in net operating revenues which were previously recorded in cost of goods sold related to arrangements in which we concluded we did not control the goods before they were delivered to our customers.

Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectibility was reasonably assured. For our Company, this generally meant that we recognized revenue when title to our products was transferred to our bottling partners, resellers or other customers. Title usually transferred upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of each transaction. Our sales terms did not allow for a right of return except for matters related to any manufacturing defects on our part. Our customers could earn certain incentives which were included in deductions from revenue, a component of net operating revenues in our consolidated statement of income. These incentives included, but were not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. In preparing the financial statements, management made estimates related to the contractual terms, customer performance and sales volume to determine the total amounts recorded as deductions from revenue. Management

also considered past results in making such estimates. The actual amounts ultimately paid may have been different from our estimates. Such differences were recorded once they were determined and historically were not significant.

The following tables compare the amounts reported in the consolidated statement of income and consolidated balance sheet to the amounts had the previous revenue recognition guidance been in effect (in millions):

	Year Ended December 31, 2018			
	As Reported	Balances without Adoption of ASC 606	Increase (Decrease) Due to Adoption	
Net operating revenues	$ 31,856	$ 31,191	$ 665	[1]
Cost of goods sold	11,770	10,930	840	[1]
Gross profit	20,086	20,261	(175)	
Selling, general and administrative expenses	10,307	10,488	(181)	
Operating income	8,700	8,694	6	
Income from continuing operations before income taxes	8,350	8,344	6	
Income taxes from continuing operations	1,623	1,626	3	
Net income from continuing operations	6,727	6,718	9	
Income (loss) from discontinued operations	(251)	(253)	2	
Consolidated net income	6,476	6,465	11	
Net income attributable to shareowners of The Coca-Cola Company	6,434	6,423	11	

[1] The increase was primarily due to the reclassification of shipping and handling costs.

	December 31, 2018			
	As Reported	Balances without Adoption of ASC 606	Increase (Decrease) Due to Adoption	
ASSETS				
Trade accounts receivable	$ 3,396	$ 3,302	$ 94	[1]
Prepaid expenses and other assets	1,962	1,970	(8)	
Total current assets	30,634	30,548	86	
Deferred income tax assets	2,667	2,649	18	
Total assets	83,216	83,112	104	
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	$ 8,932	$ 8,513	$ 419	[2]
Total current liabilities	29,223	28,804	419	
Deferred income tax liabilities	1,933	2,002	(69)	
Reinvested earnings	63,234	63,480	(246)	
Total equity	19,058	19,304	(246)	
Total liabilities and equity	83,216	83,112	104	

[1] The increase was primarily due to incremental estimated variable consideration receivables from third-party customers.
[2] The increase was primarily due to incremental estimated variable consideration payables due to third-party customers.

The following table presents net operating revenues disaggregated between the United States and International and further by line of business (in millions):

	United States	International	Total
Year Ended December 31, 2018			
Concentrate operations	$ 4,571	$ 15,886	$ 20,457
Finished product operations	6,773	4,626	11,399
Total	$ 11,344	$ 20,512	$ 31,856

Refer to Note 20 for additional revenue disclosures by operating segment and Corporate.

NOTE 4: INVESTMENTS

Equity Securities

Effective January 1, 2018, we adopted ASU 2016-01, which requires us to measure all equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in earnings. We use quoted market prices to determine the fair value of equity securities with readily determinable fair values. For equity securities without readily determinable fair values, we have elected the measurement alternative under which we measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Management assesses each of these investments on an individual basis. We recognized a cumulative effect adjustment of $409 million, net of tax, to increase the opening balance of reinvested earnings with an offset to AOCI as of January 1, 2018 in connection with the adoption of ASU 2016-01.

Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as either trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in AOCI, net of tax. Equity securities without readily determinable fair values were recorded at cost.

Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. The cost basis is determined by the specific identification method. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities as well as realized gains and losses on available-for-sale debt securities are included in net income. Unrealized gains and losses, net of tax, on available-for-sale debt securities are included in our consolidated balance sheet as a component of AOCI, except for the change in fair value attributable to the currency risk being hedged, if applicable, which is included in net income. Refer to Note 6 for additional information related to the Company's fair value hedges of available-for-sale debt securities.

Equity securities with readily determinable fair values that are not accounted for under the equity method and debt securities classified as trading are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. Similarly, prior to the adoption of ASU 2016-01, equity investments classified as trading were not tested for impairment. Equity method investments, equity securities without readily determinable fair values and debt securities classified as available-for-sale or held-to-maturity are, and prior to the adoption of ASU 2016-01, equity securities classified as available-for-sale and cost method investments were, reviewed each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe hypothetical marketplace participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value. In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less

than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

As of December 31, 2018, the carrying values of our equity securities were included in the following line items in our consolidated balance sheet (in millions):

	Fair Value with Changes Recognized in Income	Measurement Alternative — No Readily Determinable Fair Value
Marketable securities	$ 278	$ —
Other investments	787	80
Other assets	869	—
Total equity securities	$ 1,934	$ 80

The calculation of net unrealized gains and losses recognized during the year related to equity securities still held at December 31, 2018 is as follows (in millions):

	Year Ended December 31, 2018
Net gains (losses) recognized during the year related to equity securities	$ (250)
Less: Net gains (losses) recognized during the year related to equity securities sold during the year	8
Net unrealized gains (losses) recognized during the year related to equity securities still held at the end of the year	$ (258)

As of December 31, 2017, our equity securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Trading securities	$ 324	$ 75	$ (4)	$ 395
Available-for-sale securities	1,276	685	(66)	1,895
Total equity securities	$ 1,600	$ 760	$ (70)	$ 2,290

As of December 31, 2017, the fair values of our equity securities were included in the following line items in our consolidated balance sheet (in millions):

	Trading Securities	Available-for-Sale Securities
Marketable securities	$ 283	$ 52
Other investments	—	953
Other assets	112	890
Total equity securities	$ 395	$ 1,895

The sale and/or maturity of available-for-sale equity securities resulted in the following realized activity (in millions):

	Year Ended December 31, 2017
Gross gains	$ 61
Gross losses	(19)
Proceeds	275

Debt Securities

Our debt securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2018				
Trading securities	**$ 45**	**$ —**	**$ (1)**	**$ 44**
Available-for-sale securities	**4,901**	**119**	**(27)**	**4,993**
Total debt securities	**$ 4,946**	**$ 119**	**$ (28)**	**$ 5,037**
December 31, 2017				
Trading securities	$ 12	$ —	$ —	$ 12
Available-for-sale securities	5,782	157	(27)	5,912
Total debt securities	$ 5,794	$ 157	$ (27)	$ 5,924

The fair values of our debt securities were included in the following line items in our consolidated balance sheets (in millions):

	December 31, 2018		December 31, 2017	
	Trading Securities	**Available-for-Sale Securities**	Trading Securities	Available-for-Sale Securities
Cash and cash equivalents	**$ —**	**$ —**	$ —	$ 667
Marketable securities	**44**	**4,691**	12	4,970
Other assets	**—**	**302**	—	275
Total debt securities	**$ 44**	**$ 4,993**	$ 12	$ 5,912

The contractual maturities of these available-for-sale debt securities as of December 31, 2018 were as follows (in millions):

	Cost	Estimated Fair Value
Within 1 year	$ 685	$ 682
After 1 year through 5 years	3,871	3,948
After 5 years through 10 years	106	122
After 10 years	239	241
Total	$ 4,901	$ 4,993

The Company expects that actual maturities may differ from the contractual maturities above because borrowers have the right to call or prepay certain obligations.

The sale and/or maturity of available-for-sale debt securities resulted in the following realized activity (in millions):

Year Ended December 31,	**2018**	2017
Gross gains	**$ 22**	$ 7
Gross losses	**(27)**	(13)
Proceeds	**13,710**	13,930

Captive Insurance Companies

In accordance with local insurance regulations, our captive insurance companies are required to meet and maintain minimum solvency capital requirements. The Company elected to invest a majority of its solvency capital in a portfolio of marketable equity and debt securities. These securities are included in the disclosures above. The Company uses one of its consolidated captive insurance companies to reinsure group annuity insurance contracts that cover the pension obligations of certain of our European and Canadian pension plans. This captive's solvency capital funds included equity and debt securities of $1,056 million as of December 31, 2018 and $1,159 million as of

December 31, 2017, which are classified in the line item other assets in our consolidated balance sheets because the assets are not available to satisfy our current obligations.

NOTE 5: INVENTORIES

Inventories consist primarily of raw materials and packaging (which include ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate operations and finished beverages in our finished product operations). Inventories are valued at the lower of cost or net realizable value. We determine cost on the basis of the average cost or first-in, first-out methods. Inventories consisted of the following (in millions):

December 31,		**2018**		2017
Raw materials and packaging	**$**	**1,862**	$	1,729
Finished goods		**692**		693
Other		**212**		233
Total inventories	**$**	**2,766**	$	2,655

NOTE 6: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, our Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative and non-derivative financial instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts, commodity futures contracts, option contracts, collars and swaps. Forward contracts and commodity futures contracts are agreements to buy or sell a quantity of a currency or commodity at a predetermined future date and at a predetermined rate or price. An option contract is an agreement that conveys the purchaser the right, but not the obligation, to buy or sell a quantity of a currency or commodity at a predetermined rate or price during a period or at a time in the future. A collar is a strategy that uses a combination of options to limit the range of possible positive or negative returns on an underlying asset or liability to a specific range, or to protect expected future cash flows. To do this, an investor simultaneously buys a put option and sells (writes) a call option, or alternatively buys a call option and sells (writes) a put option. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. We do not enter into derivative financial instruments for trading purposes. The Company may also designate certain non-derivative instruments, such as our foreign-denominated third-party debt, in hedging relationships.

All derivatives are carried at fair value in our consolidated balance sheets, primarily in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The carrying values of the derivatives reflect the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. These master netting agreements allow the Company to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the type of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statements of income as the changes in the fair values of the hedged items attributable to the risk being hedged. The changes in the fair values of derivatives that have been designated and qualify as cash flow hedges or hedges of net investments in foreign operations are recorded in AOCI and are reclassified into the line item in our consolidated statements of income in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the values of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in the fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

For derivatives that will be accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, the Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective

at offsetting changes in either the fair values or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized into earnings.

The Company determines the fair values of its derivatives based on quoted market prices or pricing models using current market rates. Refer to Note 17. The notional amounts of the derivative financial instruments do not necessarily represent

amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates, commodity rates or other financial indices. The Company does not view the fair values of its derivatives in isolation but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

The following table presents the fair values of the Company's derivative instruments that were designated and qualified as part of a hedging relationship (in millions):

		Fair Value[1,2]	
Derivatives Designated as Hedging Instruments	Balance Sheet Location[1]	**December 31, 2018**	December 31, 2017
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 43**	$ 45
Foreign currency contracts	Other assets	**114**	79
Interest rate contracts	Other assets	**88**	52
Total assets		**$ 245**	$ 176
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 19**	$ 69
Foreign currency contracts	Other liabilities	**15**	9
Foreign currency contracts	Liabilities held for sale — discontinued operations	**—**	8
Commodity contracts	Accounts payable and accrued expenses	**1**	—
Commodity contracts	Liabilities held for sale — discontinued operations	**—**	4
Interest rate contracts	Accounts payable and accrued expenses	**—**	30
Interest rate contracts	Other liabilities	**40**	39
Total liabilities		**$ 75**	$ 159

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 17 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 17 for additional information related to the estimated fair value.

The following table presents the fair values of the Company's derivative instruments that were not designated as hedging instruments (in millions):

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2] December 31, 2018	Fair Value[1,2] December 31, 2017
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 61**	$ 20
Foreign currency contracts	Other assets	**—**	27
Commodity contracts	Prepaid expenses and other assets	**2**	25
Commodity contracts	Other assets	**—**	1
Other derivative instruments	Prepaid expenses and other assets	**7**	8
Total assets		**$ 70**	$ 81
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 99**	$ 69
Foreign currency contracts	Other liabilities	**—**	28
Foreign currency contracts	Liabilities held for sale — discontinued operations	**2**	—
Commodity contracts	Accounts payable and accrued expenses	**37**	7
Commodity contracts	Other liabilities	**8**	—
Commodity contracts	Liabilities held for sale — discontinued operations	**1**	—
Other derivative instruments	Accounts payable and accrued expenses	**13**	1
Other derivative instruments	Other liabilities	**—**	1
Total liabilities		**$ 160**	$ 106

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 17 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 17 for additional information related to the estimated fair value.

Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral for substantially all of our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. In addition, the Company's master netting agreements reduce credit risk by permitting the Company to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, commodity prices or interest rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in AOCI and are reclassified into the line item in our consolidated statements of income in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is typically three years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our eventual U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement

activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options (principally euros and Japanese yen) and collars to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens against the foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of the derivative instruments. The total notional values of derivatives that have been designated and qualify for the Company's

foreign currency cash flow hedging program were $3,175 million and $4,068 million as of December 31, 2018 and 2017, respectively.

The Company uses cross-currency swaps to hedge the changes in cash flows of certain of its foreign currency denominated debt and other monetary assets or liabilities due to changes in foreign currency exchange rates. For this hedging program, the Company records the change in carrying value of these foreign currency denominated assets and liabilities due to changes in exchange rates into earnings each period. The changes in fair value of the cross-currency swap derivatives are recorded in AOCI with an immediate reclassification into earnings for the change in fair value attributable to fluctuations in foreign currency exchange rates. The total notional values of derivatives that have been designated as cash flow hedges for the Company's foreign currency denominated assets and liabilities were $3,028 million and $1,851 million as of December 31, 2018 and 2017, respectively.

The Company has entered into commodity futures contracts and other derivative instruments on various commodities to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as part of the Company's commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional value of derivatives that have been designated and qualify for this program were $9 million and $35 million as of December 31, 2018 and 2017, respectively.

Our Company monitors our mix of short-term debt and long-term debt regularly. From time to time, we manage our risk to interest rate fluctuations through the use of derivative financial instruments. The Company has entered into interest rate swap agreements and has designated these instruments as part of the Company's interest rate cash flow hedging program. The objective of this hedging program is to mitigate the risk of adverse changes in benchmark interest rates on the Company's future interest payments. The total notional values of these interest rate swap agreements that was designated and qualified for the Company's interest rate cash flow hedging program was $500 million as of December 31, 2017. During the year ended December 31, 2018, we discontinued the cash flow hedge relationship related to these swaps. We reclassified a loss of $8 million into earnings as a result of the discontinuance. As of December 31, 2018, we did not have any interest rate swaps designated as a cash flow hedge.

The following table presents the pretax impact that changes in the fair values of derivatives designated as cash flow hedges had on AOCI and earnings (in millions):

	Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income[1]	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
2018					
Foreign currency contracts	**$ 9**	Net operating revenues	**$ 136**	**$ 1**	
Foreign currency contracts	**15**	Cost of goods sold	**8**	**—**	[2]
Foreign currency contracts	**—**	Interest expense	**(9)**	**—**	
Foreign currency contracts	**23**	Other income (loss) — net	**(5)**	**(4)**	
Foreign currency contracts	**—**	Income (loss) from discontinued operations	**—**	**(3)**	
Interest rate contracts	**22**	Interest expense	**(40)**	**(8)**	
Commodity contracts	**(1)**	Cost of goods sold	**—**	**—**	
Commodity contracts	**—**	Income (loss) from discontinued operations	**—**	**(5)**	
Total	**$ 68**		**$ 90**	**$ (19)**	
2017					
Foreign currency contracts	$ (226)	Net operating revenues	$ 443	$ 1	
Foreign currency contracts	(23)	Cost of goods sold	(2)	—	[2]
Foreign currency contracts	—	Interest expense	(9)	—	
Foreign currency contracts	92	Other income (loss) — net	107	3	
Foreign currency contracts	(3)	Income (loss) from discontinued operations	—	—	
Interest rate contracts	(22)	Interest expense	(37)	2	
Commodity contracts	(1)	Cost of goods sold	(1)	—	
Commodity contracts	(5)	Income (loss) from discontinued operations	—	—	
Total	$ (188)		$ 501	$ 6	
2016					
Foreign currency contracts	$ 69	Net operating revenues	$ 567	$ (3)	
Foreign currency contracts	8	Cost of goods sold	35	(1)	
Foreign currency contracts	—	Interest expense	(9)	—	
Foreign currency contracts	13	Other income (loss) — net	(3)	(3)	
Interest rate contracts	(126)	Interest expense	(17)	(2)	
Commodity contracts	(1)	Cost of goods sold	(1)	—	
Total	$ (37)		$ 572	$ (9)	

[1] The Company records gains and losses reclassified from AOCI into income for the effective portion and ineffective portion, if any, to the same line items in our consolidated statements of income.

[2] Includes a de minimis amount of ineffectiveness in the hedging relationship.

As of December 31, 2018, the Company estimates that it will reclassify into earnings during the next 12 months net losses of $29 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

Fair Value Hedging Strategy

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that results from fluctuations in benchmark interest rates. The Company also uses cross-currency interest rate swaps to hedge the changes in the fair value of foreign currency denominated debt relating to changes in foreign currency exchange rates and benchmark interest rates. The changes in fair values of derivatives designated as fair value hedges

and the offsetting changes in fair values of the hedged items are recognized in earnings. The ineffective portions of these hedges are immediately recognized into earnings. As of December 31, 2018, such adjustments had cumulatively increased the carrying value of our long-term debt by $42 million. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured. The total notional values of derivatives related to our fair value hedges of this type were $8,023 million and $8,121 million as of December 31, 2018 and 2017, respectively.

The Company also uses fair value hedges to minimize exposure to changes in the fair value of certain available-for-sale securities from fluctuations in foreign currency exchange rates. The changes in fair values of derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items due to changes in foreign currency exchange rates are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. The total notional value of derivatives related to fair value hedges of this type was $311 million as of December 31, 2017. As of December 31, 2018, we did not have any fair value hedges of this type.

The following table summarizes the pretax impact that changes in the fair values of derivatives designated as fair value hedges had on earnings (in millions):

Hedging Instruments and Hedged Items	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income[1]
2018		
Interest rate contracts	Interest expense	**$ 34**
Fixed-rate debt	Interest expense	**(38)**
Net impact to interest expense		**$ (4)**
Foreign currency contracts	Other income (loss) — net	**$ (6)**
Available-for-sale securities	Other income (loss) — net	**6**
Net impact to other income (loss) — net		**$ —**
Net impact of fair value hedging instruments		**$ (4)**
2017		
Interest rate contracts	Interest expense	$ (69)
Fixed-rate debt	Interest expense	63
Net impact to interest expense		$ (6)
Foreign currency contracts	Other income (loss) — net	$ (37)
Available-for-sale securities	Other income (loss) — net	44
Net impact to other income (loss) — net		$ 7
Net impact of fair value hedging instruments		$ 1
2016		
Interest rate contracts	Interest expense	$ 170
Fixed-rate debt	Interest expense	(152)
Net impact to interest expense		$ 18
Foreign currency contracts	Other income (loss) — net	$ 69
Available-for-sale securities	Other income (loss) — net	(73)
Net impact to other income (loss) — net		$ (4)
Net impact of fair value hedging instruments		$ 14

[1] The net impacts represent the ineffective portions of the hedge relationships and the amounts excluded from the assessment of hedge effectiveness.

Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts and a portion of its foreign currency denominated debt, a non-derivative financial instrument, to protect the value of our net investments in a number of foreign operations. For derivative

instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in fair values of the derivative

instruments are recognized in net foreign currency translation adjustment, a component of AOCI, to offset the changes in the values of the net investments being hedged. For non-derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the change in the carrying value of the designated portion of the non-derivative financial instrument due to changes in foreign currency exchange rates is recorded in net foreign currency translation adjustment. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change.

During the years ended December 31, 2018, 2017 and 2016, the Company designated a portion of its euro-denominated debt as a hedge of a net investment in our European operations.

The following table summarizes the notional values and pretax impact of changes in the fair values of instruments designated as net investment hedges (in millions):

	Notional Amount as of December 31,		Gain (Loss) Recognized in OCI Year Ended December 31,		
	2018	2017	**2018**	2017	2016
Foreign currency contracts	**$ —**	$ —	**$ (14)**	$ (7)	$ (237)
Foreign currency denominated debt	**12,494**	13,147	**653**	(1,505)	304
Total	**$ 12,494**	$ 13,147	**$ 639**	$ (1,512)	$ 67

The Company did not reclassify any deferred gains or losses related to net investment hedges from AOCI to earnings during the years ended December 31, 2018 and 2017. The Company reclassified net deferred losses of $77 million related to the deconsolidation of our German bottling operations from AOCI into earnings during the year ended December 31, 2016. In addition, the Company did not have any ineffectiveness related to net investment hedges during the years ended December 31, 2018, 2017 and 2016. The cash inflows and outflows associated with the Company's derivative contracts designated as net investment hedges are classified in the line item other investing activities in our consolidated statements of cash flows.

Economic (Non-Designated) Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges of foreign currency, interest rate and commodity exposure. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in fair value of economic hedges are immediately recognized into earnings.

The Company uses foreign currency economic hedges to offset the earnings impact that fluctuations in foreign currency exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. The changes in fair value of economic hedges used to offset those monetary assets and liabilities are immediately recognized into earnings in the line item other income (loss) — net in our consolidated statements of income. In addition, we use foreign currency economic hedges to minimize the variability in cash flows associated with fluctuations in foreign currency exchange rates, including those related to certain acquisition and divestiture activities. The changes in fair values of economic hedges used to offset the variability in U.S. dollar net cash flows are recognized into earnings in the line items net operating revenues, cost of goods sold or other income (loss) — net in our consolidated statements of income, as applicable. The total notional values of derivatives related to our foreign currency economic hedges were $10,939 million and $6,827 million as of December 31, 2018 and 2017, respectively.

The Company also uses certain derivatives as economic hedges to mitigate the price risk associated with the purchase of materials used in the manufacturing process and for vehicle fuel. The changes in fair values of these economic hedges are immediately recognized into earnings in the line items net operating revenues, cost of goods sold, or selling, general and administrative expenses in our consolidated statements of income, as applicable. The total notional values of derivatives related to our economic hedges of this type were $373 million and $357 million as of December 31, 2018 and 2017, respectively.

The following table presents the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings (in millions):

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income — Year Ended December 31, 2018	2017	2016
Foreign currency contracts	Net operating revenues	**$ 22**	$ (30)	$ (45)
Foreign currency contracts	Cost of goods sold	**9**	(1)	4
Foreign currency contracts	Other income (loss) — net	**(264)**	73	(168)
Commodity contracts	Net operating revenues	**—**	16	10
Commodity contracts	Cost of goods sold	**(29)**	15	75
Commodity contracts	Selling, general and administrative expenses	**—**	1	6
Commodity contracts	Income (loss) from discontinued operations	**4**	—	—
Interest rate contracts	Interest expense	**(1)**	—	(39)
Other derivative instruments	Selling, general and administrative expenses	**(18)**	46	16
Other derivative instruments	Other income (loss) — net	**(22)**	1	(15)
Total		**$ (299)**	$ 121	$ (156)

NOTE 7: EQUITY METHOD INVESTMENTS

Our consolidated net income includes our Company's proportionate share of the net income or loss of our equity method investees. When we record our proportionate share of net income, it increases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. Conversely, when we record our proportionate share of a net loss, it decreases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investees. These items can have a significant impact on the amount of equity income (loss) — net in our consolidated statements of income and our carrying value in those investments. Refer to Note 18 for additional information related to significant operating and nonoperating items recorded by our equity method investees. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the equity investee's AOCI.

We eliminate from our financial results all significant intercompany transactions to the extent of our ownership interest, including the intercompany portion of transactions with equity method investees.

The Company's equity method investments include, but are not limited to, our ownership interests in CCEP, Monster Beverage Corporation ("Monster"), AC Bebidas, Coca-Cola FEMSA, Coca-Cola HBC AG ("Coca-Cola Hellenic"), and Coca-Cola Bottlers Japan Holdings Inc. ("CCBJHI"). As of December 31, 2018, we owned approximately 19 percent, 19 percent, 20 percent, 28 percent, 23 percent and 18 percent, respectively, of these companies' outstanding shares. As of December 31, 2018, our investments in our equity method investees in the aggregate exceeded our proportionate share of the net assets of these equity method investees by $9,071 million. This difference is not amortized.

A summary of financial information for our equity method investees in the aggregate is as follows (in millions):

Year Ended December 31,[1]	2018	2017	2016
Net operating revenues	**$ 75,462**	$ 73,339	$ 58,054
Cost of goods sold	**44,914**	42,867	34,338
Gross profit	**$ 30,548**	$ 30,472	$ 23,716
Operating income	**$ 7,511**	$ 7,577	$ 5,652
Consolidated net income	**$ 4,645**	$ 4,545	$ 2,967

Less: Net income attributable to noncontrolling interests		**101**		120		78
Net income attributable to common shareowners	**$**	**4,544**	$	4,425	$	2,889
Equity income (loss) — net	**$**	**1,008**	$	1,071	$	835

[1] The financial information represents the results of the equity method investees during the Company's period of ownership.

December 31,		2018		2017
Current assets	**$**	**23,239**	$	25,023
Noncurrent assets		**66,731**		66,578
Total assets	**$**	**89,970**	$	91,601
Current liabilities	**$**	**18,097**	$	17,890
Noncurrent liabilities		**29,143**		29,986
Total liabilities	**$**	**47,240**	$	47,876
Equity attributable to shareowners of investees	**$**	**41,550**	$	41,773
Equity attributable to noncontrolling interests		**1,180**		1,952
Total equity	**$**	**42,730**	$	43,725
Company equity investment	**$**	**19,407**	$	20,856

Net sales to equity method investees, the majority of which are located outside the United States, were $14,799 million, $14,144 million and $10,495 million in 2018, 2017 and 2016, respectively. The increase in net sales to equity method investees in 2017 was primarily due to our acquisition of equity method investments in CCEP and AC Bebidas, as well as the integration of Coca-Cola West Co., Ltd. ("CCW") and Coca-Cola East Japan Co., Ltd. ("CCEJ") to establish CCBJHI in 2017. Refer to Note 2. Total payments, primarily marketing, made to equity method investees were $1,131 million, $930 million and $946 million in 2018, 2017 and 2016, respectively. In addition, purchases of beverage products from equity method investees were $533 million, $1,298 million and $1,857 million in 2018, 2017 and 2016, respectively. The decrease in purchases of beverage products in 2018 was primarily due to reduced purchases of Monster products as a result of North America refranchising activities. Refer to Note 2.

If valued at the December 31, 2018 quoted closing prices of shares actively traded on stock markets, the value of our equity method investments in publicly traded bottlers would have exceeded our carrying value by $6,209 million. However, the carrying value of our investment in CCBJHI exceeded the fair value of the investment as of December 31, 2018 by $164 million. Based on the length of time and the extent to which the market value has been less than our cost basis and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge.

Net Receivables and Dividends from Equity Method Investees

Total net receivables due from equity method investees were $1,563 million and $2,053 million as of December 31, 2018 and 2017, respectively. The total amount of dividends received from equity method investees was $551 million, $443 million and $386 million for the years ended December 31, 2018, 2017 and 2016, respectively. The amount of consolidated reinvested earnings that represents undistributed earnings of investments accounted for under the equity method as of December 31, 2018 was $4,546 million.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The following table summarizes our property, plant and equipment (in millions):

December 31,		2018		2017
Land	**$**	**485**	$	334
Buildings and improvements		**3,838**		3,917
Machinery, equipment and vehicle fleet		**11,922**		12,198
Property, plant and equipment — cost		**16,245**		16,449
Less accumulated depreciation		**8,013**		8,246
Property, plant and equipment — net	**$**	**8,232**	$	8,203

NOTE 9: INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table presents the carrying values of indefinite-lived intangible assets included in our consolidated balance sheets (in millions):

December 31,		**2018**		2017
Trademarks	**$**	**6,682**	$	6,729
Bottlers' franchise rights		**51**		138
Goodwill		**10,263**		9,401
Other		**106**		106
Indefinite-lived intangible assets	**$**	**17,102**	$	16,374

The following table provides information related to the carrying value of our goodwill by operating segment (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Bottling Investments	Total
2017						
Balance at beginning of year	$ 628	$ 117	$ 8,321	$ 128	$ 1,435	$ 10,629
Effect of foreign currency translation	75	8	—	(1)	5	87
Acquisitions[1]	—	25	28	—	3	56
Adjustments related to the finalization of purchase accounting[1]	—	—	—	18	—	18
Impairment charges	—	—	—	—	(390)	(390)
Divestitures, deconsolidations and other[1,2]	—	—	—	—	(999)	(999)
Balance at end of year	$ 703	$ 150	$ 8,349	$ 145	$ 54	$ 9,401
2018						
Balance at beginning of year	**$ 703**	**$ 150**	**$ 8,349**	**$ 145**	**$ 54**	**$ 9,401**
Effect of foreign currency translation	**(58)**	**(9)**	**—**	**(4)**	**(2)**	**(73)**
Acquisitions[1,3]	**12**	**—**	**—**	**13**	**488**	**513**
Adjustments related to the finalization of purchase accounting[1,4]	**411**	**27**	**(11)**	**—**	**—**	**427**
Divestitures, deconsolidations and other[1]	**—**	**—**	**—**	**—**	**(5)**	**(5)**
Balance at end of year	**$ 1,068**	**$ 168**	**$ 8,338**	**$ 154**	**$ 535**	**$ 10,263**

[1] Refer to Note 2 for information related to the Company's acquisitions and divestitures.

[2] The 2017 decrease in the Bottling Investments segment was primarily a result of North America bottling operations being refranchised. Refer to Note 2.

[3] The increase in 2018 was primarily due to the acquisition of the Philippine bottling operations. Refer to Note 2.

[4] The increase in 2018 was primarily due to the allocation of goodwill from CCBA to other reporting units expected to benefit from the acquisition of CCBA. Refer to Note 2.

Definite-Lived Intangible Assets

The following table provides information related to definite-lived intangible assets (in millions):

	December 31, 2018			December 31, 2017		
	Gross Carrying Value	**Accumulated Amortization**	**Net Carrying Value**	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	**$ 185**	**$ (151)**	**$ 34**	$ 205	$ (143)	$ 62
Bottlers' franchise rights	**30**	**(18)**	**12**	213	(152)	61
Trademarks	**186**	**(91)**	**95**	182	(73)	109
Other	**88**	**(61)**	**27**	94	(64)	30
Total	**$ 489**	**$ (321)**	**$ 168**	$ 694	$ (432)	$ 262

Total amortization expense for intangible assets subject to amortization was $49 million, $68 million and $139 million in 2018, 2017 and 2016, respectively.

Based on the carrying value of definite-lived intangible assets as of December 31, 2018, we estimate our amortization expense for the next five years will be as follows (in millions):

	Amortization Expense
2019	$ 44
2020	34
2021	26
2022	25
2023	25

NOTE 10: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in millions):

December 31,	**2018**	2017
Accrued marketing	**$ 1,787**	$ 2,108
Trade accounts payable	**2,498**	2,288
Other accrued expenses	**3,352** [1]	3,071
Accrued compensation	**894**	854
Sales, payroll and other taxes	**315**	347
Container deposits	**86**	80
Accounts payable and accrued expenses	**$ 8,932**	$ 8,748

[1] The increase in other accrued expenses is primarily due to incremental estimated variable consideration due to third-party customers. Refer to Note 1 and Note 3 for additional information on our adoption of ASC 606 that became effective on January 1, 2018.

NOTE 11: DEBT AND BORROWING ARRANGEMENTS

Short-Term Borrowings

Loans and notes payable consist primarily of commercial paper issued in the United States. As of December 31, 2018 and 2017, we had $13,063 million and $12,931 million, respectively, in outstanding commercial paper borrowings. Our weighted-average interest rates for commercial paper outstanding were approximately 2.6 percent and 1.4 percent per year as of December 31, 2018 and 2017, respectively. In addition, we had $10,483 million in lines of credit and other short-term credit facilities as of December 31, 2018. The Company's total lines of credit included $131 million that was outstanding and primarily related to our international operations.

Included in the credit facilities discussed above, the Company had $7,895 million in lines of credit for general corporate purposes. These backup lines of credit expire at various times from 2019 through 2022. There were no borrowings under these

backup lines of credit during 2018. These credit facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which is presently significant to our Company.

Long-Term Debt

During 2018, the Company retired upon maturity $3,276 million total principal amount of notes and debentures. The general terms of the notes and debentures retired are as follows:

- $26 million total principal amount of debentures due January 29, 2018, at a fixed interest rate of 9.66 percent;
- $750 million total principal amount of notes due March 14, 2018, at a fixed interest rate of 1.65 percent;
- $1,250 million total principal amount of notes due April 1, 2018, at a fixed interest rate of 1.15 percent; and
- $1,250 million total principal amount of notes due November 1, 2018, at a fixed interest rate of 1.65 percent.

The Company also extinguished a portion of the long-term debt that was assumed in connection with our acquisition of Coca-Cola Enterprises Inc.'s former North America business ("Old CCE"). The extinguished debentures had a total principal amount of $94 million that was due to mature on May 15, 2098, at a fixed interest rate of 7.00 percent. Related to this extinguishment, the Company recorded a net gain of $27 million in the line item interest expense in our consolidated statement of income during the year ended December 31, 2018.

During 2017, the Company issued U.S. dollar- and euro-denominated debt of $1,000 million and €2,500 million, respectively. The carrying value of this debt as of December 31, 2017 was $3,974 million. The general terms of the notes issued are as follows:

- $500 million total principal amount of notes due May 25, 2022, at a fixed interest rate of 2.20 percent;
- $500 million total principal amount of notes due May 25, 2027, at a fixed interest rate of 2.90 percent;
- €1,500 million total principal amount of notes due March 8, 2019, at a variable interest rate equal to the three-month Euro Interbank Offered Rate ("EURIBOR") plus 0.25 percent;
- €500 million total principal amount of notes due March 9, 2021, at a fixed interest rate of 0.00 percent; and
- €500 million total principal amount of notes due March 8, 2024, at a fixed interest rate of 0.50 percent.

During 2017, the Company retired upon maturity €2,000 million total principal amount of notes due March 9, 2017, at a variable interest rate equal to the three-month EURIBOR plus 0.15 percent, $206 million total principal amount of notes due August 1, 2017, at a fixed interest rate of 7.125 percent, SFr200 million total principal amount of notes due October 2, 2017, at a fixed interest rate of 0.00 percent, $750 million total principal amount of notes due October 27, 2017, at a fixed interest rate of 0.875 percent, and $225 million total principal amount of notes due November 16, 2017, at a variable interest rate equal to the three-month London Interbank Offered Rate ("LIBOR") plus 0.05 percent. The Company also extinguished a portion of the long-term debt that was assumed in connection with our acquisition of Old CCE. The extinguished notes had a carrying value of $417 million, which included fair value adjustments recorded as part of purchase accounting. The general terms of the notes extinguished were as follows:

- $95.6 million total principal amount of notes due August 15, 2019, at a fixed interest rate of 4.50 percent;
- $38.6 million total principal amount of notes due February 1, 2022, at a fixed interest rate of 8.50 percent;
- $11.7 million total principal amount of notes due September 15, 2022, at a fixed interest rate of 8.00 percent;
- $36.5 million total principal amount of notes due September 15, 2023, at a fixed interest rate of 6.75 percent;

- $9.9 million total principal amount of notes due October 1, 2026, at a fixed interest rate of 7.00 percent;
- $53.8 million total principal amount of notes due November 15, 2026, at a fixed interest rate of 6.95 percent;
- $41.3 million total principal amount of notes due September 15, 2028, at a fixed interest rate of 6.75 percent;
- $32.0 million total principal amount of notes due October 15, 2036, at a fixed interest rate of 6.70 percent;
- $3.4 million total principal amount of notes due March 18, 2037, at a fixed interest rate of 5.71 percent;
- $24.3 million total principal amount of notes due January 15, 2038, at a fixed interest rate of 6.75 percent; and
- $4.7 million total principal amount of notes due May 15, 2098, at a fixed interest rate of 7.00 percent.

The Company recorded a net charge of $38 million in the line item interest expense in our consolidated statement of income during the year ended December 31, 2017.

During 2016, the Company issued Australian dollar-, euro- and U.S. dollar-denominated debt of AUD1,000 million, €500 million and $3,725 million, respectively. The general terms of the notes issued are as follows:

- AUD450 million total principal amount of notes due June 9, 2020, at a fixed interest rate of 2.60 percent;
- AUD550 million total principal amount of notes due June 11, 2024, at a fixed interest rate of 3.25 percent;
- €500 million total principal amount of notes due September 2, 2036, at a fixed interest rate of 1.10 percent;
- $225 million total principal amount of notes due November 16, 2017, at a variable interest rate equal to the three-month LIBOR plus 0.05 percent;
- $1,000 million total principal amount of notes due May 30, 2019, at a fixed interest rate of 1.375 percent;
- $1,000 million total principal amount of notes due September 1, 2021, at a fixed interest rate of 1.55 percent;
- $500 million total principal amount of notes due June 1, 2026, at a fixed interest rate of 2.55 percent; and
- $1,000 million total principal amount of notes due September 1, 2026, at a fixed interest rate of 2.25 percent.

During 2016, the Company retired upon maturity $1,654 million total principal amount of notes due September 1, 2016 at a fixed interest rate of 1.80 percent, $500 million total principal amount of notes due November 1, 2016 at a fixed interest rate of 0.75 percent and $500 million total principal amount of notes due November 1, 2016 at a variable interest rate equal to the three-month LIBOR plus 0.10 percent.

The Company's long-term debt consisted of the following (in millions except average rate data):

	December 31, 2018		December 31, 2017	
	Amount	**Average Rate [1]**	Amount	Average Rate[1]
U.S. dollar notes due 2019–2093	**$ 13,619**	**2.6 %**	$ 16,854	2.3 %
U.S. dollar debentures due 2020–2098	**1,390**	**5.2**	1,559	5.5
U.S. dollar zero coupon notes due 2020[2]	**163**	**8.4**	158	8.4
Australian dollar notes due 2020–2024	**723**	**2.2**	760	2.1
Euro notes due 2019–2036	**12,994**	**0.6**	13,663	0.7
Swiss franc notes due 2022–2028	**1,128**	**3.6**	1,148	3.0
Other, due through 2098[3]	**282**	**3.4**	325	3.4
Fair value adjustments[4]	**62**	**N/A**	13	N/A
Total[5,6]	**30,361**	**1.9 %**	34,480	1.8 %
Less current portion	**4,997**		3,298	
Long-term debt	**$ 25,364**		$ 31,182	

[1] These rates represent the weighted-average effective interest rate on the balances outstanding as of year end, as adjusted for the effects of interest rate swap agreements, cross-currency swap agreements and fair value adjustments, if applicable. Refer to Note 6 for a more detailed discussion on interest rate management.

[2] Amount is shown net of unamortized discounts of $8 million and $13 million as of December 31, 2018 and 2017, respectively.

[3] As of December 31, 2018, the amount shown includes $136 million of debt instruments that are due through 2031.

[4] Amount represents changes in fair value due to changes in benchmark interest rates. Refer to Note 6 for additional information about our fair value hedging strategy.

[5] As of December 31, 2018 and 2017, the fair value of our long-term debt, including the current portion, was $30,438 million and $35,169 million, respectively.

[6] The above notes and debentures include various restrictions, none of which is presently significant to our Company.

The carrying value of the Company's long-term debt included fair value adjustments related to the debt assumed from Old CCE's former North America business in 2010 of $212 million and $263 million as of December 31, 2018 and 2017, respectively. These fair value adjustments are being amortized over the number of years remaining until the underlying debt matures. As of December 31, 2018, the weighted-average maturity of the assumed debt to which these fair value adjustments relate was approximately 19 years. The amortization of these fair value adjustments will be a reduction of interest expense in future periods, which will typically result in our interest expense being less than the actual interest paid to service the debt. Total interest paid was $871 million, $757 million and $663 million in 2018, 2017 and 2016, respectively.

Maturities of long-term debt for the five years succeeding December 31, 2018 are as follows (in millions):

	Maturities of Long-Term Debt
2019	$ 4,997
2020	4,265
2021	2,929
2022	2,414
2023	4,099

NOTE 12: COMMITMENTS AND CONTINGENCIES

Guarantees

As of December 31, 2018, we were contingently liable for guarantees of indebtedness owed by third parties of $600 million, of which $247 million was related to VIEs. Refer to Note 1 for additional information related to the Company's maximum exposure to loss due to our involvement with VIEs. Our guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees; however, we do not consider it probable that we will be required to satisfy these guarantees.

We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Legal Contingencies

The Company is involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Indemnifications

At the time we acquire or divest an interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. 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 Company taken as a whole. Refer to Note 2.

Tax Audits

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained; (2) the tax position is "more likely than not" to be sustained, but for a lesser amount; or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Refer to Note 15.

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the Internal Revenue Service ("IRS") for the tax years 2007 through 2009, after a five-year audit. In the Notice, the IRS claimed that the Company's United States taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period, plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should

report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in overseas markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement that applied back to 1987. The closing agreement provided prospective penalty protection conditioned on the Company's continued adherence to the prescribed methodology absent change in material facts or circumstances and relevant federal tax law. Although the IRS subsequently asserted, without explanation, that material facts and circumstances and relevant federal tax law had changed, it has not asserted penalties. The Company's compliance with the closing agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the 1996 closing agreement. The IRS designated the matter for litigation on October 15, 2015. To the extent the matter remains designated, the Company will be prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and is pursuing, and will continue to pursue, all available administrative and judicial remedies necessary to vigorously defend its position. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The U.S. Tax Court trial was held from March 8, 2018 through May 11, 2018. The Company and the IRS filed and exchanged final post-trial briefs in February 2019. It is not known how much time will elapse thereafter prior to the issuance of the Court's decision. In the interim, or subsequent to the Tax Court's decision, the IRS may propose similar adjustments for years subsequent to the 2007-2009 litigation period. While the Company continues to strongly disagree with the IRS' position, there is no assurance that the U.S. Tax Court will rule in the Company's favor, and it is possible that all or some portion of the adjustment proposed by the IRS Notice ultimately could be sustained. In that event, the Company will be subject to significant additional liabilities for the years at issue and potentially also for subsequent periods, which could have a material adverse impact on the Company's financial position, results of operations and cash flows.

The Company regularly assesses the likelihood of adverse outcomes resulting from tax disputes such as this and other examinations for all open years to determine the adequacy of its tax reserves. Any such adjustments related to years prior to 2018, either in the litigation period or later, may have an impact on the transition tax payable as part of the Tax Cuts and Jobs Act of 2017.

Risk Management Programs

The Company has numerous global insurance programs in place to help protect the Company from the risk of loss. In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claim history. Our self-insurance reserves totaled $362 million and $480 million as of December 31, 2018 and 2017, respectively.

Operating Leases

The following table summarizes our minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2018 (in millions):

	Operating Lease Payments
2019	$ 144
2020	84
2021	70
2022	60
2023	42
Thereafter	100
Total minimum operating lease payments[1]	$ 500

[1] Income associated with sublease arrangements is not significant.

NOTE 13: STOCK-BASED COMPENSATION PLANS

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. Total stock-based compensation expense was $225 million, $219 million and $258 million in 2018, 2017 and 2016, respectively, and was included as a component of selling, general and administrative expenses in our consolidated statements of income. The total income tax benefit recognized in our consolidated statements of income related to awards under these plans was $47 million, $44 million and $71 million in 2018, 2017 and 2016, respectively. From 2015 to 2017, certain employees who had previously been eligible for long-term equity awards received long-term performance cash awards. Employees who received these performance cash awards did not receive equity awards as part of the long-term incentive program. In 2017, the Company changed the long-term incentive program for certain employees previously eligible for the performance cash award. These employees no longer participate in the long-term incentive program and were issued a final restricted stock unit award that vests ratably over five years.

As of December 31, 2018, we had $271 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans. This cost is expected to be recognized over a weighted-average period of 2.5 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards.

The Coca-Cola Company 2014 Equity Plan ("2014 Equity Plan") was approved by shareowners in April 2014. Under the 2014 Equity Plan, a maximum of 500 million shares of our common stock was approved to be issued, through the grant of equity awards, to certain employees. The 2014 Equity Plan allows for grants of stock options, performance share units, restricted stock units, restricted stock and other specified award types, including cash awards with performance-based vesting criteria. As of December 31, 2018, there were 391.9 million shares available to be granted under the 2014 Equity Plan. In addition, there were 2.9 million shares from plans approved by shareowners prior to 2014 available to be granted under stock option and restricted stock award plans.

Stock Option Awards

Stock options have generally been granted with an exercise price equal to the average of the high and low market prices per share for the Company's stock on the date of grant. The fair value of each stock option award is estimated using a Black-Scholes-Merton option-pricing model and is amortized over the vesting period, generally four years. The weighted-average fair value of stock options granted during the past three years and the weighted-average assumptions used in the Black-Scholes-Merton option-pricing model for such grants were as follows:

Year Ended December 31,	**2018**	2017	2016
Fair value of stock options at grant date	**$ 4.97**	$ 3.98	$ 4.17
Dividend yield[1]	**3.5 %**	3.6 %	3.2 %
Expected volatility[2]	**15.5 %**	15.5 %	16.0 %
Risk-free interest rate[3]	**2.8 %**	2.2 %	1.5 %
Expected term of the stock options[4]	**6 years**	6 years	6 years

[1] The dividend yield is the calculated yield on the Company's stock at the time of the grant.

[2] Expected volatility is based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors.

[3] The risk-free interest rate for the period matching the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

[4] The expected term of the stock options represents the period of time that options granted are expected to be outstanding and is derived by analyzing historical exercise behavior.

Generally, stock options granted from 1999 through July 2003 expired 15 years from the date of grant, and stock options granted in December 2003 and thereafter expire 10 years from the date of grant. The shares of common stock to be issued and/or sold upon exercise of stock options are made available from either authorized and unissued Company common stock or from the Company's treasury shares. In 2007, the Company began issuing common stock under its stock-based compensation plans from the Company's treasury shares.

Stock option activity for all plans for the year ended December 31, 2018 was as follows:

	Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (In millions)
Outstanding on January 1, 2018	173	$ 35.02		
Granted	8	44.49		
Exercised	(47)	31.51		
Forfeited/expired	(1)	41.22		
Outstanding on December 31, 2018[1]	133	$ 36.74	4.59 years	$ 1,407
Expected to vest	132	$ 36.69	4.56 years	$ 1,402
Exercisable on December 31, 2018	114	$ 35.74	4.02 years	$ 1,327

[1] Includes 0.1 million stock option replacement awards in connection with our acquisition of Old CCE in 2010. These options had a weighted-average exercise price of $17.35 and generally vest over 3 years and expire 10 years from the original date of grant.

The total intrinsic value of the stock options exercised was $721 million, $744 million and $787 million in 2018, 2017 and 2016, respectively. The total shares exercised were 47 million, 53 million and 50 million in 2018, 2017 and 2016, respectively.

Performance-Based Share Unit Awards

Performance-based share unit awards require achievement of certain performance criteria, which are predefined by the Compensation Committee of the Board of Directors at the time of grant. For performance share unit grants from 2015 through 2017, the performance criteria used were economic profit and net operating revenues over a predefined

performance period of three years. Economic profit is our net operating profit after tax less the cost of the capital used in our business. Economic profit and net operating revenues are adjusted for certain items, which are approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. These grants include a relative TSR modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative

to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of these performance share units was determined using a Monte Carlo valuation model. The performance share units granted from 2015 through 2017 are subject to a one-year holding period after the performance period before the shares are released.

In 2018, the Company renamed our performance share unit awards to growth share unit awards. For growth share units granted in 2018, performance criteria were equally weighted among net operating revenues, earnings per share and free cash flow over a predefined performance period of three years. Earnings per share for these purposes is diluted net income per share from continuing operations and free cash flow is net cash provided by operating activities less purchases of property, plant and equipment. Net operating revenues, earnings per share and free cash flow are adjusted for certain items, which are approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. Growth share units granted to executives include a relative TSR modifier to determine the number of shares earned at the end of the performance period. The fair value of growth share unit grants that include a TSR modifier is determined using a Monte Carlo valuation model. The fair value of growth share units that do not include the TSR modifier is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the performance period. Growth share units granted in 2018 will be released at the end of the performance period if the predefined performance criteria are achieved.

For all performance-based share unit awards, in the event the certified results equal the predefined performance criteria, the Company will grant the number of shares equal to the target award. In the event the certified results exceed the predefined performance criteria, additional shares up to the maximum award will be granted. In the event the certified results fall below the predefined performance criteria but above the minimum threshold, a reduced number of shares will be granted. If the certified results fall below the minimum threshold, no shares will be granted. Performance-based share unit awards do not entitle participants to vote or receive dividends.

In the period it becomes probable that the minimum threshold specified in the award will be achieved, we recognize expense for the proportionate share of the total fair value of the performance-based share units related to the vesting period that has already lapsed for the shares expected to vest and be released. The remaining fair value of the shares expected to vest and be released is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum threshold specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made.

Performance share units and growth share units are generally settled in stock, except for certain circumstances such as death or disability, in which case employees or their beneficiaries are provided a cash equivalent payment. As of December 31, 2018, performance share units of 2,756,000 and 2,837,000 were outstanding for the 2016-2018 and 2017-2019 performance periods, respectively, and growth share units of 2,105,000 were outstanding for the 2018-2020 performance period, based on the target award amounts.

The following table summarizes information about performance share units and growth share units based on the target award amounts:

	Performance Share Units and Growth Share Units (In thousands)		Weighted-Average Grant Date Fair Value
Outstanding on January 1, 2018	8,212	$	37.14
Granted	2,183		41.02
Conversions to restricted stock units[1]	(2,111)		36.24
Canceled/forfeited	(586)		37.58
Outstanding on December 31, 2018[2]	7,698	$	38.45

[1] Represents the target amount of performance share units converted to restricted stock units for the 2015–2017 performance period. The vesting of restricted stock units is subject to the terms of the performance share unit agreements.

[2] The outstanding performance share units and growth share units as of December 31, 2018 at the threshold award and maximum award levels were 2.4 million and 15.3 million, respectively.

The weighted–average grant date fair value of growth share units granted in 2018 was $41.02. The weighted–average grant date fair value of performance share units granted in 2017 and 2016 was $34.75 and $39.70, respectively. The

Company did not convert any performance share units into cash equivalent payments in 2018. The Company converted performance share units of 11,052 in 2017 and 52,545 in 2016 to cash equivalent payments of $0.4 million and $1.9 million, respectively, to former employees or their beneficiaries due to certain events such as death or disability.

The following table summarizes information about nonvested performance-based restricted stock units based on the performance share units' certified award level:

	Restricted Stock Units (In thousands)		Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2018	6,748	$	32.35
Conversions from performance share units	2,692		36.24
Vested and released	(6,747)		32.34
Canceled/forfeited	(102)		36.18
Nonvested on December 31, 2018	2,591	$	36.24

The total intrinsic value of restricted shares that were vested and released in 2018 was $305 million.

Time-Based Restricted Stock and Restricted Stock Unit Awards

Prior to the release date, time-based restricted stock and restricted stock units granted from the 2014 Equity Plan do not entitle participants to vote or receive dividends and will be forfeited in the event of the recipient's termination of employment, except for reasons such as death or disability. Certain other time-based restricted stock awards entitle participants to vote and receive dividends. The fair value of the restricted stock and restricted stock units expected to vest and be released is expensed on a straight-line basis over the vesting period. As of December 31, 2018, the Company had outstanding nonvested time-based restricted stock, including restricted stock units, of 3,422,323, most of which do not pay dividends or have voting rights.

The following table summarizes information about nonvested time-based restricted stock and restricted stock units:

	Restricted Stock and Restricted Stock Units (In thousands)		Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2018	3,535	$	40.99
Granted	1,457		40.12
Vested and released	(1,015)		41.80
Forfeited/expired	(555)		41.32
Nonvested on December 31, 2018	3,422	$	40.31

NOTE 14: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

We refer to the funded defined benefit pension plan in the United States that is not associated with collective bargaining agreements as the "primary U.S. plan." As of December 31, 2018, the primary U.S. plan represented 62 percent of both the Company's consolidated projected benefit obligation and pension assets.

Obligations and Funded Status

The following table sets forth the changes in benefit obligations and the fair value of plan assets for our benefit plans (in millions):

	Pension Benefits		Other Benefits	
Year Ended December 31,	**2018**	2017	**2018**	2017
Benefit obligation at beginning of year[1]	**$ 9,455**	$ 9,428	**$ 782**	$ 962
Service cost	**124**	197	**11**	17
Interest cost	**294**	306	**23**	29
Foreign currency exchange rate changes	**(110)**	150	**(5)**	4
Amendments	**1**	1	**(8)**	(21)
Net actuarial loss (gain)	**(469)**	420	**(33)**	(28)
Benefits paid[2]	**(356)**	(341)	**(70)**	(71)
Business combinations[3]	**60**	—	**1**	—
Divestitures	**(11)**	(7)	**—**	(66)
Settlements[4]	**(932)**	(832)	**—**	—
Curtailments[4]	**(63)**	(10)	**—**	(48)
Special termination benefits[4]	**7**	106	**—**	—
Other	**4**	37	**7**	4
Benefit obligation at end of year[1]	**$ 8,004**	$ 9,455	**$ 708**	$ 782
Fair value of plan assets at beginning of year	**$ 8,843**	$ 8,371	**$ 288**	$ 255
Actual return on plan assets	**(271)**	1,139	**(5)**	31
Employer contributions	**107**	181	**—**	—
Foreign currency exchange rate changes	**(128)**	196	**—**	—
Benefits paid	**(285)**	(285)	**(3)**	(3)
Business combinations[3]	**30**	—	**—**	—
Divestitures	**(1)**	—	**—**	—
Settlements[4]	**(892)**	(794)	**—**	—
Other	**6**	35	**9**	5
Fair value of plan assets at end of year	**$ 7,409**	$ 8,843	**$ 289**	$ 288
Net liability recognized	**$ (595)**	$ (612)	**$ (419)**	$ (494)

[1] For pension benefit plans, the benefit obligation is the projected benefit obligation. For other benefit plans, the benefit obligation is the accumulated postretirement benefit obligation. The accumulated benefit obligation for our pension plans was $7,856 million and $9,175 million as of December 31, 2018 and 2017, respectively.

[2] Benefits paid to pension plan participants during 2018 and 2017 included $71 million and $56 million, respectively, in payments related to unfunded pension plans that were paid from Company assets. Benefits paid to participants of other benefit plans during 2018 and 2017 included $67 million and $68 million, respectively, that were paid from Company assets.

[3] Business combinations primarily related to the acquisition of a controlling interest in the Philippine bottling operations. Refer to Note 2.

[4] Settlements, curtailments and special termination benefits were primarily related to productivity, integration and restructuring initiatives and the refranchising of our North America bottling operations. Refer to Note 2 and Note 19.

Pension and other benefit amounts recognized in our consolidated balance sheets are as follows (in millions):

	Pension Benefits		Other Benefits	
December 31,	**2018**	2017	**2018**	2017
Other assets	**$ 803**	$ 921	**$ —**	$ —
Accounts payable and accrued expenses	**(70)**	(72)	**(21)**	(21)
Other liabilities	**(1,328)**	(1,461)	**(398)**	(473)

Net liability recognized	**$ (595)**	$ (612)	**$ (419)**	$ (494)

Certain of our pension plans have projected benefit obligations in excess of the fair value of plan assets. For these plans, the projected benefit obligations and the fair value of plan assets were as follows (in millions):

December 31,		**2018**		2017
Projected benefit obligations	**$**	**6,561**	$	7,833
Fair value of plan assets		**5,163**		6,330

Certain of our pension plans have accumulated benefit obligations in excess of the fair value of plan assets. For these plans, the accumulated benefit obligations and the fair value of plan assets were as follows (in millions):

December 31,		**2018**		2017
Accumulated benefit obligations	**$**	**6,450**	$	7,614
Fair value of plan assets		**5,157**		6,305

Pension Plan Assets

The following table presents total assets for our U.S. and non-U.S. pension plans (in millions):

	U.S. Plans				Non-U.S. Plans			
December 31,		**2018**		2017		**2018**		2017
Cash and cash equivalents	**$**	**310**	$	454	**$**	**153**	$	237
Equity securities:								
U.S.-based companies		**1,116**		1,427		**644**		670
International-based companies		**659**		911		**462**		554
Fixed-income securities:								
Government bonds		**192**		183		**271**		191
Corporate bonds and debt securities		**745**		785		**90**		42
Mutual, pooled and commingled funds[1]		**238**		215		**637**		766
Hedge funds/limited partnerships		**785**		939		**43**		44
Real estate		**385**		596		**6**		2
Other		**412**		518		**261**		309
Total pension plan assets[2]	**$**	**4,842**	$	6,028	**$**	**2,567**	$	2,815

[1] Mutual, pooled and commingled funds include investments in equity securities, fixed-income securities and combinations of both. There are a significant number of mutual, pooled and commingled funds from which investors can choose. The selection of the type of fund is dictated by the specific investment objectives and needs of a given plan. These objectives and needs vary greatly between plans.

[2] Fair value disclosures related to our pension plan assets are included in Note 17. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall; a reconciliation of the beginning and ending balances of Level 3 assets; and information about the valuation techniques and inputs used to measure the fair value of our pension plan assets.

Investment Strategy for U.S. Pension Plans

The Company utilizes the services of investment managers to actively manage the assets of our U.S. pension plans. We have established asset allocation targets and investment guidelines with each investment manager. Our asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of the plans. Selection of the targeted asset allocation for U.S. plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. Our target allocation is a mix of 42 percent equity investments, 30 percent fixed-income investments and 28 percent alternative investments. We believe this target allocation will enable us to achieve the following long-term investment objectives:

(1) optimize the long-term return on plan assets at an acceptable level of risk;

(2) maintain a broad diversification across asset classes and among investment managers; and

(3) maintain careful control of the risk level within each asset class.

The guidelines that have been established with each investment manager provide parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements and

credit quality standards, where applicable. Unless exceptions have been approved, investment managers are prohibited from buying or selling commodities, futures or option contracts, as well as from short selling of securities. Additionally, investment managers agree to obtain written approval for deviations from stated investment style or guidelines. As of December 31, 2018, no investment manager was responsible for more than 9 percent of total U.S. pension plan assets.

Our target allocation of 42 percent equity investments is composed of 60 percent global equities, 16 percent emerging market equities and 24 percent domestic small- and mid-cap equities. Optimal returns through our investments in global equities are achieved through security selection as well as country and sector diversification. Investments in the common stock of our Company accounted for approximately 5 percent of our total global equities and approximately 3 percent of total U.S. plan assets. Our investments in global equities are intended to provide diversified exposure to both U.S. and non-U.S. equity markets. Our investments in both emerging market equities and domestic small- and mid-cap equities may experience large swings in their market value. Our investments in these asset classes are selected based on capital appreciation potential.

Our target allocation of 30 percent fixed-income investments is composed of 33 percent long-duration bonds and 67 percent with multi-strategy alternative credit managers. Long-duration bonds are intended to provide a stable rate of return through investments in high-quality publicly traded debt securities. Our investments in long-duration bonds are diversified in order to mitigate duration and credit exposure. Multi-strategy alternative credit managers invest in a combination of high-yield bonds, bank loans, structured credit and emerging market debt. These investments are in lower-rated and non-rated debt securities, which generally produce higher returns compared to long-duration bonds and also help to diversify our overall fixed-income portfolio.

In addition to equity investments and fixed-income investments, we have a target allocation of 28 percent in alternative investments. These alternative investments include hedge funds, reinsurance, private equity limited partnerships, leveraged buyout funds, international venture capital partnerships and real estate. The objective of investing in alternative investments is to provide a higher rate of return than that which is typically available from publicly traded equity securities. Alternative investments are inherently illiquid and require a long-term perspective in evaluating investment performance.

Investment Strategy for Non-U.S. Pension Plans

As of December 31, 2018, the long-term target allocation for 68 percent of our international subsidiaries' pension plan assets, primarily certain of our European and Canadian plans, is 65 percent equity securities, 10 percent fixed-income securities and 25 percent other investments. The actual allocation for the remaining 32 percent of the Company's international subsidiaries' plan assets consisted of 54 percent mutual, pooled and commingled funds; 7 percent fixed-income securities; 1 percent global equities and 38 percent other investments. The investment strategies for our international subsidiaries' plans differ greatly, and in some instances are influenced by local law. None of our pension plans outside the United States is individually significant for separate disclosure.

Other Postretirement Benefit Plan Assets

Plan assets associated with other postretirement benefits primarily represent funding of one of the U.S. postretirement benefit plans through a Voluntary Employee Beneficiary Association ("VEBA"), a tax-qualified trust. The VEBA assets are primarily invested in liquid assets due to the level and timing of expected future benefit payments.

The following table presents total assets for our other postretirement benefit plans (in millions):

December 31,	2018	2017
Cash and cash equivalents	**$ 73**	$ 78
Equity securities:		
U.S.-based companies	**93**	96
International-based companies	**7**	8
Fixed-income securities:		
Government bonds	**2**	2
Corporate bonds and debt securities	**16**	7
Mutual, pooled and commingled funds	**82**	80
Hedge funds/limited partnerships	**8**	8
Real estate	**4**	5
Other	**4**	4
Total other postretirement benefit plan assets[1]	**$ 289**	$ 288

[1] Fair value disclosures related to our other postretirement benefit plan assets are included in Note 17. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall and information about the valuation techniques and inputs used to measure the fair value of our other postretirement benefit plan assets.

Components of Net Periodic Benefit Cost (Income)

Net periodic benefit cost (income) for our pension and other postretirement benefit plans consisted of the following (in millions):

	Pension Benefits			Other Benefits		
Year Ended December 31,	2018	2017	2016	2018	2017	2016
Service cost	**$ 124**	$ 197	$ 239	**$ 11**	$ 17	$ 22
Interest cost	**294**	306	319	**23**	29	31
Expected return on plan assets[1]	**(650)**	(650)	(653)	**(13)**	(12)	(11)
Amortization of prior service credit	**(3)**	—	(2)	**(14)**	(18)	(19)
Amortization of net actuarial loss[2]	**128**	175	183	**3**	8	7
Net periodic benefit cost (income)	**(107)**	28	86	**10**	24	30
Settlement charges[3]	**240**	228	118	**—**	—	—
Curtailment charges (credits)[3]	**5**	4	—	**(4)**	(79)	—
Special termination benefits[3]	**7**	106	37	**—**	—	1
Other	**—**	1	(3)	**(1)**	—	23
Total cost (income) recognized in consolidated statements of income	**$ 145**	$ 367	$ 238	**$ 5**	$ (55)	$ 54

[1] The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

[2] Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the plan participants.

[3] Settlements, curtailments and special termination benefits were primarily related to productivity, integration and restructuring initiatives and the refranchising of our North America bottling operations. Refer to Note 2 and Note 19.

All of the amounts in the tables above, other than service cost, were recorded in the line item other income (loss) — net in our consolidated statements of income.

Impact on Accumulated Other Comprehensive Income

The following table sets forth the changes in AOCI for our benefit plans (in millions, pretax):

	Pension Benefits		Other Benefits	
Year Ended December 31,	**2018**	2017	**2018**	2017
Balance in AOCI at beginning of year	**$ (2,493)**	$ (2,932)	**$ (26)**	$ (48)
Recognized prior service cost (credit)	**1** [1]	4	**(18)** [4]	(54) [5]
Recognized net actuarial loss (gain)	**369** [2]	403 [3]	**3**	(36) [5]
Prior service credit (cost) occurring during the year	**(1)**	(1)	**8**	21
Net actuarial (loss) gain occurring during the year	**(389)** [1]	75	**15**	92 [5]
Impact of divestitures	**4**	—	**—**	—
Foreign currency translation gain (loss)	**27**	(42)	**3**	(1)
Balance in AOCI at end of year	**$ (2,482)**	$ (2,493)	**$ (15)**	$ (26)

[1] Includes $4 million of recognized prior service cost and $63 million of actuarial gains occurring during the year due to the impact of curtailments.

[2] Includes $240 million of recognized net actuarial losses due to the impact of settlements.

[3] Includes $228 million of recognized net actuarial losses due to the impact of settlements.

[4] Includes $4 million of recognized prior service credit due to the impact of curtailments.

[5] Includes $36 million of recognized prior service credit, $43 million of recognized net actuarial gains and $45 million of actuarial gains occurring during the year due to the impact of curtailments.

The following table sets forth amounts in AOCI for our benefit plans (in millions, pretax):

	Pension Benefits		Other Benefits	
December 31,	**2018**	2017	**2018**	2017
Prior service credit (cost)	**$ (12)**	$ (10)	**$ 29**	$ 36
Net actuarial loss	**(2,470)**	(2,483)	**(44)**	(62)
Balance in AOCI at end of year	**$ (2,482)**	$ (2,493)	**$ (15)**	$ (26)

Amounts in AOCI expected to be recognized as components of net periodic benefit cost in 2019 are as follows (in millions, pretax):

	Pension Benefits	Other Benefits
Amortization of prior service credit	$ (4)	$ (2)
Amortization of net actuarial loss	152	2
Total	$ 148	$ —

Assumptions

Certain weighted-average assumptions used in computing the benefit obligations are as follows:

	Pension Benefits		Other Benefits	
December 31,	**2018**	2017	**2018**	2017
Discount rate	**4.00 %**	3.50 %	**4.25 %**	3.50 %
Rate of increase in compensation levels	**3.75 %**	3.50 %	**N/A**	N/A

Certain weighted-average assumptions used in computing net periodic benefit cost are as follows:

	Pension Benefits	Other Benefits

Year Ended December 31,	**2018**	2017	2016	**2018**	2017	2016
Discount rate	**3.50 %**	4.00 %	4.25 %	**3.50 %**	4.00 %	4.25 %
Rate of increase in compensation levels	**3.50 %**	3.75 %	3.50 %	N/A	N/A	N/A
Expected long-term rate of return on plan assets	**8.00 %**	8.00 %	8.25 %	**4.50 %**	4.75 %	4.75 %

The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. Rates for U.S. and certain non-U.S. plans at December 31, 2018 were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. For other non-U.S. plans, we base the discount rate on comparable indices within each of the countries. The Company measures the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows. The rate of compensation increase assumption is determined by the Company based upon annual reviews.

The expected long-term rate of return assumption for U.S. pension plan assets is based upon the target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. We evaluate the rate of return assumption on an annual basis. The expected long-term rate of return assumption used in computing 2018 net periodic pension cost for the U.S. plans was 8.00 percent. As of December 31, 2018, the 5-year, 10-year and 15-year annualized return on plan assets for the primary U.S. plan was 5.5 percent, 9.2 percent and 6.4 percent, respectively. The annualized return since inception was 10.3 percent.

The assumed health care cost trend rates are as follows:

December 31,	**2018**	2017
Health care cost trend rate assumed for next year	7.00 %	7.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2023	2022

We review external data and our own historical trends for health care costs to determine the health care cost trend rate assumptions. The Company's U.S. postretirement benefit plans are primarily defined dollar benefit plans that limit the effects of medical inflation because the plans have established dollar limits for determining our contributions. As a result, the effect of a 1 percentage point change in the assumed health care cost trend rate would not be significant to the Company.

Cash Flows

Our estimated future benefit payments for funded and unfunded plans are as follows (in millions):

Year Ended December 31,	2019	2020	2021	2022	2023	2024–2028
Pension benefit payments	$ 439	$ 448	$ 460	$ 468	$ 480	$ 2,517
Other benefit payments[1]	62	61	59	57	55	250
Total estimated benefit payments	$ 501	$ 509	$ 519	$ 525	$ 535	$ 2,767

[1] The expected benefit payments for our other postretirement benefit plans are net of estimated federal subsidies expected to be received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Federal subsidies are estimated to be $3 million for the period 2019–2023 and $2 million for the period 2024–2028.

The Company anticipates making pension contributions in 2019 of $32 million, all of which will be allocated to our international plans. The majority of these contributions are required by funding regulations or law.

Defined Contribution Plans

Our Company sponsors qualified defined contribution plans covering substantially all U.S. employees. Under the largest U.S. defined contribution plan, we match participants' contributions up to a maximum of 3.5 percent of compensation, subject to certain limitations. Company costs related to the U.S. plans were $39 million, $61 million and $82 million in 2018, 2017 and 2016, respectively. We also sponsor defined contribution plans in certain locations outside the United States. Company costs associated with those plans were $33 million, $35 million and $37 million in 2018, 2017 and 2016, respectively.

Multi-Employer Pension Plans

The Company participates in various multi-employer pension plans. Multi-employer pension plans are designed to cover employees from multiple employers and are typically established under collective bargaining agreements. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the

daily administration of the plan. Multi-employer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions.

The Company's expense for multi-employer pension plans totaled $6 million, $35 million and $41 million in 2018, 2017 and 2016, respectively. The decrease in 2018 was primarily driven by the refranchising of certain bottling territories in the United

States during 2017. The plans we currently participate in have contractual arrangements that extend into 2021. If, in the future, we choose to withdraw from any of the multi-employer pension plans in which we currently participate, we would need to record the appropriate withdrawal liabilities at that time. Refer to Note 2 for additional information on North America refranchising.

NOTE 15: INCOME TAXES

Income from continuing operations before income taxes consisted of the following (in millions):

Year Ended December 31,	**2018**	2017	2016
United States	**$ 888** [1]	$ (690) [1]	$ 113 [1]
International	**7,462** [1]	7,432	8,023
Total	**$ 8,350**	$ 6,742	$ 8,136

[1] Includes charges of $476 million, $2,140 million and $2,456 million related to refranchising certain bottling territories in North America in 2018, 2017 and 2016, respectively. Refer to Note 2.

Income taxes from continuing operations consisted of the following (in millions):

	United States	State and Local	International	Total
2018				
Current	**$ 591** [1]	**$ 145**	**$ 1,337**	**$ 2,073**
Deferred	**(386)** [1,3]	**(81)** [1,3]	**17** [1,3]	**(450)**
2017				
Current	$ 5,438 [2]	$ 121	$ 1,257	$ 6,816
Deferred	(1,783) [2,3]	14	513 [2]	(1,256)
2016				
Current	$ 1,147	$ 113	$ 1,182	$ 2,442
Deferred	(838) [3]	(91)	73	(856)

[1] Includes the tax impact that resulted from changes to our original provisional estimates of the impact of the Tax Reform Act as permitted by Staff Accounting Bulletin No. 118 ("SAB 118").

[2] Includes our reasonable estimate of the effects on our existing deferred tax balances and the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017. The provisional amount as of December 31, 2017, related to the one-time transition tax on the mandatory deemed repatriation of prescribed foreign earnings was $4.6 billion of tax expense based on cumulative prescribed foreign earnings estimated at that time to be $42 billion. The provisional amount that was primarily related to the remeasurement of certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future was a net deferred tax benefit of $1.0 billion.

[3] Includes the benefit from charges related to refranchising certain bottling territories in North America. Refer to Note 2.

Income taxes from discontinued operations consisted of $87 million and $55 million of current expense and $38 million of deferred tax expense and $8 million of deferred tax benefit for the years ended December 31, 2018 and 2017, respectively.

We made income tax payments of $2,037 million, $1,904 million and $1,554 million in 2018, 2017 and 2016, respectively.

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the U.S. statutory rate. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2019 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $318 million, $221 million and $105 million for the years ended December 31, 2018, 2017 and 2016, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method of accounting, which are generally taxed at rates lower than the U.S. statutory rate.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2018**	2017	2016
Statutory U.S. federal tax rate	**21.0 %**	35.0 %	35.0 %
State and local income taxes — net of federal benefit	**1.5**	1.2	1.2
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal tax rate	**1.2** [1,2]	(9.7)	(17.5) [7]
Equity income or loss	**(2.4)**	(3.4)	(3.0)
Tax Reform Act	**0.1** [3]	53.5 [4]	—
Excess tax benefits on stock-based compensation	**(1.2)**	(2.0)	—
Other — net	**(0.8)**	7.9 [5,6]	3.8 [8]
Effective tax rate	**19.4 %**	82.5 %	19.5 %

[1] Includes the impact of pretax charges of $591 million (or a 1.5 percent impact on our effective tax rate) related to other-than-temporary impairments of certain of our equity method investees. Refer to Note 17.
[2] Includes tax expense of $28 million on net pretax charges of $403 million (or a 1.4 percent impact on our effective tax rate) primarily related to the refranchising of certain foreign bottling operations. Refer to Note 2.
[3] Includes net tax expense of $8 million (or a 0.1 percent impact on our effective tax rate) related to the finalization of our accounting related to the Tax Reform Act.
[4] Includes net tax expense of $3,610 million primarily related to our reasonable estimate of the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017, partially offset by the impact of the lower rate introduced by the Tax Reform Act on our existing deferred tax balances.
[5] Includes net tax expense of $1,048 million on a pretax gain of $1,037 million (or a 10.2 percent impact on our effective tax rate) related to the Southwest Transaction, in conjunction with which we obtained an equity interest in AC Bebidas. The Company accounts for its interest in AC Bebidas as an equity method investment and the net tax expense was primarily the result of the deferred tax recorded on the basis difference in this investment. Refer to Note 2.
[6] Includes a $156 million net tax benefit related to the impact of manufacturing incentives and permanent book to tax adjustments.
[7] Includes tax expense of $97 million related to a pretax gain of $1,323 million (or a 4.5 percent impact on our effective tax rate) related to
the deconsolidation of our German bottling operations. Refer to Note 2.
[8] Includes tax expense of $157 million (or a 1.9 percent impact on our effective tax rate) primarily related to amounts required to be
recorded for changes to our uncertain tax positions, including interest and penalties, in certain domestic jurisdictions.

The one-time transition tax is based on our total accumulated post-1986 prescribed foreign earnings and profits ("E&P") of approximately $41 billion. Most of this amount comprises unremitted foreign earnings, upon which no U.S. federal or state income tax had been accrued, because they were considered to have been indefinitely reinvested. At December 31, 2017, following enactment of the Tax Reform Act, we recorded a provisional $4.6 billion tax reflecting our best estimate of the one-time deemed repatriation tax liability as of December 31, 2017, and a $0.6 billion provisional deferred tax liability related to foreign withholding taxes and state income taxes on earnings no longer considered to be indefinitely reinvested.

During 2018, we recorded a net tax expense from the impact of the Tax Reform Act. As permitted by SAB 118, we had recorded provisional adjustments to our reasonable estimate of the impact of the Tax Reform Act during the 2018 measurement period pursuant to our analysis of contemporaneous guidance, interpretations and data, and we have finalized that analysis based on such information available as of December 31, 2018. As such, we recorded an additional $0.3 billion in tax for our one-time transition tax and a tax benefit of $0.3 billion, primarily related to a reduction in deferred taxes on related withholding taxes and state income taxes in 2018. We also remeasured and adjusted certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21.0 percent. This adjustment was not significant. We have not recorded incremental income taxes for any additional outside basis differences of approximately $8.1 billion in our investments in foreign subsidiaries, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any additional outside basis differences in these entities is not practicable.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. An accounting policy election is available to either account for the tax effects of GILTI in

the period that is subject to such taxes or to provide deferred taxes for book and tax basis differences that upon reversal may be subject to such taxes. We have elected to account for the tax effects of these provisions in the period that is subject to such tax and the impact is reflected in our full year provision.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. U.S. tax authorities have completed their federal income tax examinations for all years prior to 2007. With respect

to state and local jurisdictions and countries outside the United States, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years before 2004. For U.S. federal and state tax purposes, the net operating losses and tax credit carryovers acquired in connection with our acquisition of Old CCE that were generated between the years of 1990 through 2010 are subject to adjustments until the year in which they are actually utilized is no longer subject to examination. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for any adjustments that are expected to result from those years.

On September 17, 2015, the Company received a Notice from the IRS for the tax years 2007 through 2009, after a five-year audit. Refer to Note 12.

As of December 31, 2018, the gross amount of unrecognized tax benefits was $336 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $182 million, exclusive of any benefits related to interest and penalties. The remaining $154 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	**2018**	2017	2016
Beginning balance of unrecognized tax benefits	**$ 331**	$ 302	$ 168
Increase related to prior period tax positions	**11**	18	163 [1]
Decrease related to prior period tax positions	**(2)**	(13)	—
Increase related to current period tax positions	**17**	13	17
Decrease related to settlements with taxing authorities	**(4)**	—	(40) [1]
Increase (decrease) due to effect of foreign currency exchange rate changes	**(17)**	11	(6)
Ending balance of unrecognized tax benefits	**$ 336**	$ 331	$ 302

[1] The net increase was primarily related to a change in judgment about one of the Company's tax positions as a result of receiving notification of a preliminary settlement of a Competent Authority matter with a foreign jurisdiction, a portion of which became certain later in the year. This change in position did not have a material impact on the Company's consolidated statement of income during the year ended December 31, 2016, as it was partially offset by refunds to be received from the foreign jurisdiction.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $190 million, $177 million and $142 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2018, 2017 and 2016, respectively. Of these amounts, $13 million, $35 million and $31 million of expense were recognized through income tax expense in 2018, 2017 and 2016, respectively. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company's effective tax rate.

It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a significant impact on our consolidated statement of income or consolidated balance sheet. These changes may be the result of settlements of ongoing audits, statute of limitations expiring or final settlements in transfer pricing matters that are the subject of litigation. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consisted of the following (in millions):

December 31,		2018		2017
Deferred tax assets:				
Property, plant and equipment	$	64	$	99
Trademarks and other intangible assets		2,540 [2]		98
Equity method investments (including foreign currency translation adjustment)		315		300
Derivative financial instruments		322		387
Other liabilities		791		861
Benefit plans		881		977
Net operating/capital loss carryforwards		318		520
Other		221		163
Gross deferred tax assets		5,452		3,405
Valuation allowances		(399)		(501)
Total deferred tax assets[1]	$	5,053	$	2,904
Deferred tax liabilities:				
Property, plant and equipment	$	(724)	$	(819)
Trademarks and other intangible assets		(951)		(978)
Equity method investments (including foreign currency translation adjustment)		(1,707)		(1,835)
Derivative financial instruments		(162)		(436)
Other liabilities		(67)		(50)
Benefit plans		(255)		(289)
Other		(453)		(688)
Total deferred tax liabilities	$	(4,319)	$	(5,095)
Net deferred tax assets (liabilities)	$	734	$	(2,191)

[1] Noncurrent deferred tax assets of $2,667 million and $330 million were included in the line item Deferred income tax assets in our consolidated balance sheets as of December 31, 2018 and 2017, respectively.

[2] The increase was primarily the result of a $2.9 billion cumulative effect adjustment related to our adoption of ASU 2016-16.

In October 2016, the FASB issued ASU 2016-16, which requires the Company to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 was effective for the Company beginning January 1, 2018 and was adopted using a modified retrospective basis. We recorded a $2.9 billion cumulative effect adjustment to increase the opening balance of reinvested earnings with the majority of the offset being recorded as a deferred tax asset. This amount is primarily related to trademarks and other intangible assets and was recorded in the line item deferred income tax assets in our consolidated balance sheet.

As of December 31, 2018, we had net deferred tax assets of $2.0 billion and as of December 31, 2017, we had net deferred tax liabilities of $539 million located in countries outside the United States.

As of December 31, 2018, we had $2,906 million of loss carryforwards available to reduce future taxable income. Loss carryforwards of $372 million must be utilized within the next five years, and the remainder can be utilized over a period greater than five years.

An analysis of our deferred tax asset valuation allowances is as follows (in millions):

Year Ended December 31,		2018		2017		2016
Balance at beginning of year	$	501	$	530	$	477
Additions		81		184		68
Decrease due to reclassification to assets held for sale		—		—		(9)
Deductions		(183)		(213)		(6)
Balance at end of year	$	399	$	501	$	530

The Company's deferred tax asset valuation allowances are primarily the result of uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards from operations in various jurisdictions. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these

deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet.

In 2018, the Company recognized a net decrease of $102 million in its valuation allowances. This decrease was primarily due to changes to deferred tax assets and related valuation allowances on certain equity investments. In addition, the changes in net operating losses in the normal course of business contributed to the net decrease in valuation allowance. The decreases were partially offset by an increase due to the acquisition of a controlling interest in one of our foreign bottling operations.

In 2017, the Company recognized a net decrease of $29 million in its valuation allowances. This decrease was primarily due to the reversal of a valuation allowance in a foreign jurisdiction related to expenses incurred in the normal course of business that were previously determined to be non-deductible. In addition, the decrease in value of certain deferred tax assets and related valuation allowance due to the reduction in the U.S. corporate tax rate and changes to deferred tax assets and related valuation allowances on certain equity investments contributed to the net decrease in the valuation allowance. The decreases were partially offset by an increase in the valuation allowance due to increases in the deferred tax asset and related valuation allowances on certain equity investments and recognizing a valuation allowance on deferred tax assets related to net operating losses at certain foreign bottling operations after considering recent negative evidence as to the realizability of those deferred tax assets.

In 2016, the Company recognized a net increase of $53 million in its valuation allowances. This increase was primarily due to the increase in non-deductible expenses incurred during the normal course of business operations.

NOTE 16: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented in our consolidated balance sheets as a component of The Coca-Cola Company's shareowners' equity, which also includes our proportionate share of equity method investees' AOCI. OCI attributable to noncontrolling interests is allocated to, and included in, our consolidated balance sheets as part of the line item equity attributable to noncontrolling interests.

AOCI attributable to shareowners of The Coca-Cola Company consisted of the following, net of tax (in millions):

December 31,		**2018**		2017
Foreign currency translation adjustments	**$**	**(11,045)**	$	(8,957)
Accumulated derivative net gains (losses)		**(126)**		(119)
Unrealized net gains (losses) on available-for-sale securities[1]		**50**		493
Adjustments to pension and other benefit liabilities		**(1,693)**		(1,722)
Accumulated other comprehensive income (loss)	**$**	**(12,814)**	$	(10,305)

[1] The change in the balance from December 31, 2017 includes the $409 million reclassification to reinvested earnings upon the adoption of
ASU 2016-01. Refer to Note 1 and Note 4.

The following table summarizes the allocation of total comprehensive income between shareowners of The Coca-Cola Company and noncontrolling interests (in millions):

	Year Ended December 31, 2018		
	Shareowners of The Coca-Cola Company	Noncontrolling Interests	Total
Consolidated net income	$ 6,434	$ 42	$ 6,476
Other comprehensive income:			
Net foreign currency translation adjustments	(2,088)	53	(2,035)
Net gains (losses) on derivatives[1]	(7)	—	(7)
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	(34)	—	(34)
Net change in pension and other benefit liabilities[3]	29	—	29
Total comprehensive income	$ 4,334	$ 95	$ 4,429

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

[3] Refer to Note 14 for additional information related to the Company's pension and other postretirement benefit liabilities.

OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees' OCI, for the years ended December 31, 2018, 2017 and 2016 is as follows (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
2018			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,728)	$ 59	$ (1,669)
Reclassification adjustments recognized in net income	398	—	398
Gains (losses) on intra-entity transactions that are of a long-term investment nature	(1,296)	—	(1,296)
Gains (losses) on net investment hedges arising during the year[1]	639	(160)	479
Net foreign currency translation adjustments	$ (1,987)	$ (101)	$ (2,088)
Derivatives:			
Gains (losses) arising during the year	59	(16)	43
Reclassification adjustments recognized in net income	(68)	18	(50)
Net gains (losses) on derivatives[1]	$ (9)	$ 2	$ (7)
Available-for-sale debt securities:			
Unrealized gains (losses) arising during the year	(50)	11	(39)
Reclassification adjustments recognized in net income	5	—	5
Net change in unrealized gains (losses) on available-for-sale debt securities[2]	$ (45)	$ 11	$ (34)
Pension and other benefit liabilities:			
Net pension and other benefit liabilities arising during the year	(299)	75	(224)
Reclassification adjustments recognized in net income	341	(88)	253
Net change in pension and other benefit liabilities[3]	$ 42	$ (13)	$ 29
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (1,999)	$ (101)	$ (2,100)

[1]

Refer to Note 6 for additional information related to the net gains or losses on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

[3] Refer to Note 14 for additional information related to the Company's pension and other postretirement benefit liabilities.

	Before-Tax Amount	Income Tax	After-Tax Amount
2017			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,350)	$ (242)	$ (1,592)
Reclassification adjustments recognized in net income	23	(6)	17
Gains (losses) on intra-entity transactions that are of a long-term investment nature	3,332	—	3,332
Gains (losses) on net investment hedges arising during the year[1]	(1,512)	578	(934)
Net foreign currency translation adjustments	$ 493	$ 330	$ 823
Derivatives:			
Gains (losses) arising during the year	(184)	65	(119)
Reclassification adjustments recognized in net income	(506)	192	(314)
Net gains (losses) on derivatives[1]	$ (690)	$ 257	$ (433)
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	405	(136)	269
Reclassification adjustments recognized in net income	(123)	42	(81)
Net change in unrealized gains (losses) on available-for-sale securities[2]	$ 282	$ (94)	$ 188
Pension and other benefit liabilities:			
Net pension and other benefit liabilities arising during the year	120	(7)	113
Reclassification adjustments recognized in net income	325	(116)	209
Net change in pension and other benefit liabilities[3]	$ 445	$ (123)	$ 322
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ 530	$ 370	$ 900

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale securities.

[3] Refer to Note 14 for additional information related to the Company's pension and other postretirement benefit liabilities.

	Before-Tax Amount	Income Tax	After-Tax Amount
2016			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,103)	$ 51	$ (1,052)
Reclassification adjustments recognized in net income	368	(18)	350
Gains (losses) on net investment hedges arising during the year	67	(25)	42
Reclassification adjustments for net investment hedges recognized in net income	77	(30)	47
Net foreign currency translation adjustments	$ (591)	$ (22)	$ (613)
Derivatives:			
Gains (losses) arising during the year	(43)	11	(32)
Reclassification adjustments recognized in net income	(563)	213	(350)
Net gains (losses) on derivatives[1]	$ (606)	$ 224	$ (382)
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	124	(28)	96
Reclassification adjustments recognized in net income	(105)	26	(79)
Net change in unrealized gains (losses) on available-for-sale securities[2]	$ 19	$ (2)	$ 17
Pension and other benefit liabilities:			
Net pension and other benefit liabilities arising during the year	(374)	99	(275)
Reclassification adjustments recognized in net income	342	(120)	222
Net change in pension and other benefit liabilities[3]	$ (32)	$ (21)	$ (53)
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (1,210)	$ 179	$ (1,031)

[1] Refer to Note 6 for additional information related to the net gains or losses on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale securities.

[3] Refer to Note 14 for additional information related to the Company's pension and other postretirement benefit liabilities.

The following table presents the amounts and line items in our consolidated statement of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2018 (in millions):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income
Foreign currency translation adjustments:		
Divestitures, deconsolidations and other[1,2]	Other income (loss) — net	$ 398
	Income from continuing operations before income taxes	$ 398
	Income taxes from continuing operations	—
	Consolidated net income	$ 398
Derivatives:		
Foreign currency contracts	Net operating revenues	$ (137)
Foreign currency contracts	Cost of goods sold	(8)
Foreign currency contracts	Other income (loss) — net	9
Divestitures, deconsolidations and other	Other income (loss) — net	3
Foreign currency and interest rate contracts	Interest expense	57
	Income from continuing operations before income taxes	$ (76)
	Income taxes from continuing operations	20
	Net income from continuing operations	$ (56)
Foreign currency and commodity contracts	Income from discontinued operations (net of income taxes)	$ 6
	Consolidated net income	$ (50)
Available-for-sale securities:		
Sale of securities	Other income (loss) — net	$ 5
	Income from continuing operations before income taxes	$ 5
	Income taxes from continuing operations	—
	Consolidated net income	$ 5
Pension and other benefit liabilities:		
Settlement charges[3]	Other income (loss) — net	$ 240
Curtailment charges[3]	Other income (loss) — net	1
Recognized net actuarial loss	Other income (loss) — net	131
Recognized prior service cost (credit)	Other income (loss) — net	(17)
Divestitures, deconsolidations and other[2]	Other income (loss) — net	(14)
	Income from continuing operations before income taxes	$ 341
	Income taxes from continuing operations	(88)
	Consolidated net income	$ 253

[1] Primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations, and the deconsolidation of our Canadian bottling operations.

[2] Primarily related to our previously held equity method investment in the Philippine bottling operations and the refranchising of our Latin American bottling operations.

[3] The settlement and curtailment charges were primarily related to productivity, restructuring and integration initiatives and the refranchising of our North America bottling operations. Refer to Note 14 and Note 19.

NOTE 17: FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are investments in equity with readily determinable fair values, debt securities classified as trading or available-for-sale and derivative financial instruments. Additionally, the Company adjusts the carrying value of certain long-term debt as a result of the Company's fair value hedging strategy.

Investments in Debt and Equity Securities

The fair values of our investments in debt and equity securities using quoted market prices from daily exchange traded markets are based on the closing price as of the balance sheet date and are classified as Level 1. The fair values of our investments in debt and equity securities classified as Level 2 are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. Inputs into these valuation techniques include actual trade data, benchmark yields, broker/dealer quotes and other similar data. These inputs are obtained from quoted market prices, independent pricing vendors or other sources.

Derivative Financial Instruments

The fair values of our futures contracts are primarily determined using quoted contract prices on futures exchange markets. The fair values of these instruments are based on the closing contract price as of the balance sheet date and are classified as Level 1.

The fair values of our derivative instruments other than futures are determined using standard valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these standard valuation models for derivative instruments other than futures include the applicable exchange rates, forward rates, interest rates, discount rates and commodity prices. The standard valuation model for options also uses implied volatility as an additional input. The discount rates are based on the historical U.S. Deposit or U.S. Treasury rates, and the implied volatility specific to options is based on quoted rates from financial institutions.

Included in the fair value of derivative instruments is an adjustment for nonperformance risk. The adjustment is based on current credit default swap ("CDS") rates applied to each contract, by counterparty. We use our counterparty's CDS rate when we are in an asset position and our own CDS rate when we are in a liability position. The adjustment for nonperformance risk did not have a significant impact on the estimated fair values of our derivative instruments.

The following tables summarize those assets and liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2018					
	Level 1	Level 2	Level 3	Other [3]	Netting Adjustment [4]	Fair Value Measurements
Assets:						
Equity securities with readily determinable values[1]	$ 1,681	$ 186	$ 6	$ 61	$ —	$ 1,934
Debt securities[1]	—	5,018	19	—	—	5,037
Derivatives[2]	2	313	—	—	(261) [5]	54 [7]
Total assets	$ 1,683	$ 5,517	$ 25	$ 61	$ (261)	$ 7,025
Liabilities:						
Derivatives[2]	$ (14)	$ (221)	$ —	$ —	$ 182 [6]	$ (53) [7]
Total liabilities	$ (14)	$ (221)	$ —	$ —	$ 182	$ (53)

[1] Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

[2] Refer to Note 6 for additional information related to the composition of our derivative portfolio.

[3] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[4] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 6.

[5] The Company is obligated to return $96 million in cash collateral it has netted against its derivative position.

[6] The Company has the right to reclaim $4 million in cash collateral it has netted against its derivative position.

[7] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $54 million in the line item other assets; $3 million in the line item liabilities held for sale — discontinued operations and $50 million in the line item other liabilities. Refer to Note 6 for additional information related to the composition of our derivative portfolio.

	December 31, 2017					
	Level 1	Level 2	Level 3	Other [4]	Netting Adjustment [5]	Fair Value Measurements
Assets:						
Trading securities[1]	$ 212	$ 127	$ 3	$ 65	$ —	$ 407
Available-for-sale securities[1]	1,899	5,739	169 [3]	—	—	7,807
Derivatives[2]	7	250	—	—	(198) [6]	59 [8]
Total assets	$ 2,118	$ 6,116	$ 172	$ 65	$ (198)	$ 8,273
Liabilities:						
Derivatives[2]	$ (3)	$ (262)	$ —	$ —	$ 147 [7]	$ (118) [8]
Total liabilities	$ (3)	$ (262)	$ —	$ —	$ 147	$ (118)

[1] Refer to Note 4 for additional information related to the composition of our trading securities and available-for-sale securities.

[2] Refer to Note 6 for additional information related to the composition of our derivative portfolio.

[3] Primarily related to debt securities that mature in 2018.

[4] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

[5] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 6.

[6] The Company is obligated to return $55 million in cash collateral it has netted against its derivative position.

[7] The Company has the right to reclaim $2 million in cash collateral it has netted against its derivative position.

[8] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $59 million in the line item other assets; $28 million in the line item accounts payable and accrued expenses; $12 million in the line item liabilities held for sale — discontinued operations and $78 million in the line item other liabilities. Refer to Note 6 for additional information related to the composition of our derivative portfolio.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the years ended December 31, 2018 and 2017.

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. Gross transfers between levels within the hierarchy were not significant for the years ended December 31, 2018 and 2017.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges, or as a result of observable changes in equity securities using the measurement alternative.

The gains and losses on assets measured at fair value on a nonrecurring basis are summarized in the table below (in millions):

	Gains (Losses)			
Year Ended December 31,	**2018**		2017	
Other-than-temporary impairment charges	**$ (591)**	[1]	$ (50)	[5]
Assets held for sale— discontinued operations	**(554)**	[2]	—	
Other long-lived assets	**(312)**	[3]	(329)	[6]
Intangible assets	**(138)**	[3]	(442)	[7]
Assets held for sale	**—**		(1,819)	[8]
Investment in formerly unconsolidated subsidiary	**(32)**	[4]	150	[9]
Valuation of shares in equity method investee	**—**		25	[10]
Total	**$ (1,627)**		$ (2,465)	

[1] The Company recognized other-than-temporary impairment charges of $334 million related to certain equity method investees in the Middle East. These impairments were primarily driven by revised projections of future operating results largely related to instability in the region, which include recent sanctions imposed locally. The Company also recognized an other-than-temporary impairment charge of $205 million related to an equity method investee in Indonesia. This impairment was primarily driven by revised projections of future operating results reflecting unfavorable macroeconomic conditions and foreign currency exchange rate fluctuations. Additionally, the Company recognized an other-than-temporary impairment charge of $52 million related to one of our equity method investees in Latin America. This impairment was primarily driven by revised projections of future operating results. The fair value of each of these investments was derived using discounted cash flow analyses based on Level 3 inputs.

[2] The Company recorded impairment charges of $554 million related to assets held by CCBA. These charges were incurred primarily as a result of management's view of the proceeds that are expected to be received based on revised projections of future operating results and foreign currency exchange rate fluctuations. The fair value of these assets was derived using discounted cash flow analyses based on Level 3 inputs. We recorded these impairment charges in the line item income (loss) from discontinued operations in our consolidated statements of income.

[3] The Company recognized charges of $312 million related to CCR's property, plant and equipment and $138 million related to CCR's intangible assets. These charges were a result of management's revised estimate of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising. These charges were determined by comparing the fair value of the reporting unit, based on Level 3 inputs, to its carrying value. Refer to Note 18.

[4] The Company recognized a loss of $32 million, which included the remeasurement of our previously held equity interest in the Philippine bottling operations to fair value and the reversal of the related cumulative translation adjustments. The fair value of our previously held equity investment was determined using a discounted cash flow model based on Level 3 inputs.

[5] The Company recognized an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The fair value of this investment was derived using discounted cash flow analyses based on Level 3 inputs.

[6] The Company recognized impairment charges of $310 million related to CCR's property, plant and equipment and $19 million related to CCR's other assets primarily as a result of refranchising activities in North America. The fair value of these assets was derived using management's estimate of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising.

[7] The Company recognized an impairment charge of $375 million related to CCR's goodwill. This impairment charge was determined by comparing the fair value of the reporting unit, based on Level 3 inputs, to its carrying value. The Company also recognized an impairment charge of $33 million related to certain U.S. bottlers' franchise rights. This charge was determined by comparing the fair value of the asset to its current carrying value. Each of these impairment charges was primarily a result of refranchising activities in North America and management's estimates of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising. Additionally, the Company recorded impairment charges of $34 million related to Venezuelan intangible assets due to weaker sales and the volatility of foreign currency exchange rates resulting from continued political instability. The fair value of these assets was derived using discounted cash flow analyses based on Level 3 inputs.

[8] The Company is required to record assets and liabilities that are held for sale at the lower of carrying value or fair value less any costs to sell based on the agreed-upon sale price. These losses related to refranchising activities in North America. The charges were calculated based on Level 3 inputs. Refer to Note 2.

[9] The Company recognized a gain of $150 million on our previously held equity interests in CCBA and its South African subsidiary, which were accounted for under the equity method of accounting prior to our consolidation of the bottler in October 2017. U.S. GAAP requires the acquirer to remeasure its previously held noncontrolling equity interest in the acquired entity to fair value as of the acquisition date and recognize any gains or losses in earnings. The Company remeasured our equity interests in CCBA and its South African subsidiary based on Level 3 inputs. Refer to Note 2.

[10] The Company recognized a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock at a per share amount greater than the carrying value of the Company's per share investment. Accordingly, the Company is required to treat this type of transaction as if the Company had sold a proportionate share of its investment in Coca-Cola FEMSA. This gain was determined using Level 1 inputs.

Fair Value Measurements for Pension and Other Postretirement Benefit Plan Assets

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension and other postretirement benefit plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. Refer to Note 14. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension and other postretirement benefit plans.

Pension Plan Assets

The following table summarizes the levels within the fair value hierarchy for our pension plan assets (in millions):

	December 31, 2018					December 31, 2017				
	Level 1	**Level 2**	**Level 3**	**Other [1]**	**Total**	Level 1	Level 2	Level 3	Other [1]	Total
Cash and cash equivalents	**$ 441**	**$ 22**	**$ —**	**$ —**	**$ 463**	$ 626	$ 65	$ —	$ —	$ 691
Equity securities:										
U.S.-based companies	**1,728**	**15**	**17**	**—**	**1,760**	2,080	3	14	—	2,097
International-based companies	**1,098**	**23**	**—**	**—**	**1,121**	1,465	—	—	—	1,465
Fixed-income securities:										
Government bonds	**—**	**463**	**—**	**—**	**463**	—	374	—	—	374
Corporate bonds and debt securities	**—**	**819**	**16**	**—**	**835**	—	803	24	—	827
Mutual, pooled and commingled funds	**46**	**130**	**—**	**699 [3]**	**875**	239	42	—	700 [3]	981
Hedge funds/limited partnerships	**—**	**—**	**—**	**828 [4]**	**828**	—	—	—	983 [4]	983
Real estate	**—**	**—**	**—**	**391 [5]**	**391**	—	—	2	596 [5]	598
Other	**—**	**—**	**270 [2]**	**403 [6]**	**673**	—	—	263 [2]	564 [6]	827
Total	**$ 3,313**	**$ 1,472**	**$ 303**	**$ 2,321**	**$ 7,409**	$ 4,410	$ 1,287	$ 303	$ 2,843	$ 8,843

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 14.

[2] Includes purchased annuity insurance contracts.

[3] This class of assets includes actively managed emerging markets equity funds and a collective trust fund for qualified plans, invested primarily in equity securities of companies in developed and emerging markets. There are no liquidity restrictions on these investments.

[4] This class of assets includes hedge funds that can be subject to redemption restrictions, ranging from monthly to tri-annually, with a redemption notice period of up to 120 days and/or initial lock-up periods of up to one year, and private equity funds that are primarily closed-end funds in which the Company's investments are generally not eligible for redemption. Distributions from these private equity funds will be received as the underlying assets are liquidated or distributed.

[5] This class of assets includes funds invested in real estate, including a privately held real estate investment trust, a real estate commingled pension trust fund, infrastructure limited partnerships and commingled investment funds. These funds seek current income and capital appreciation through the investments and can be subject to redemption restrictions, ranging from quarterly to semi-annually, with a redemption notice period of up to 90 days.

[6]

This class of assets includes segregated portfolios of private investment funds that are invested in a portfolio of insurance-linked securities. These assets can be subject to a semi-annual redemption, with a redemption notice period of 90 days, subject to certain gate restrictions.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.S. and non-U.S. pension plans (in millions):

	Equity Securities	Fixed-Income Securities	Real Estate	Other	Total
2017					
Balance at beginning of year	$ 14	$ 19	$ 2	$ 211	$ 246
Actual return on plan assets held at the reporting date	(3)	1	—	4	2
Purchases, sales and settlements — net	3	1	—	(9)	(5)
Transfers into/(out of) Level 3 — net	—	3	—	31	34
Foreign currency translation adjustments	—	—	—	26	26
Balance at end of year	$ 14	$ 24	$ 2	$ 263 [1]	$ 303
2018					
Balance at beginning of year	**$ 14**	**$ 24**	**$ 2**	**$ 263**	**$ 303**
Actual return on plan assets held at the reporting date	**(2)**	**(1)**	**—**	**19**	**16**
Purchases, sales and settlements — net	**3**	**(7)**	**(2)**	**1**	**(5)**
Transfers into/(out of) Level 3 — net	**2**	**—**	**—**	**—**	**2**
Foreign currency translation adjustments	**—**	**—**	**—**	**(13)**	**(13)**
Balance at end of year	**$ 17**	**$ 16**	**$ —**	**$ 270** [1]	**$ 303**

[1] Includes purchased annuity insurance contracts.

Other Postretirement Benefit Plan Assets

The following table summarizes the levels within the fair value hierarchy for our other postretirement benefit plan assets (in millions):

	December 31, 2018				December 31, 2017			
	Level 1	**Level 2**	**Other [1]**	**Total**	Level 1	Level 2	Other [1]	Total
Cash and cash equivalents	**$ 73**	**$ —**	**$ —**	**$ 73**	$ 78	$ —	$ —	$ 78
Equity securities:								
U.S.-based companies	**93**	**—**	**—**	**93**	96	—	—	96
International-based companies	**7**	**—**	**—**	**7**	8	—	—	8
Fixed-income securities:								
Government bonds	**—**	**2**	**—**	**2**	—	2	—	2
Corporate bonds and debt securities	**—**	**16**	**—**	**16**	—	7	—	7
Mutual, pooled and commingled funds	**—**	**—**	**82**	**82**	—	—	80	80
Hedge funds/limited partnerships	**—**	**—**	**8**	**8**	—	—	8	8
Real estate	**—**	**—**	**4**	**4**	—	—	5	5
Other	**—**	**—**	**4**	**4**	—	—	4	4
Total	**$ 173**	**$ 18**	**$ 98**	**$ 289**	$ 182	$ 9	$ 97	$ 288

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 14.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents; short-term investments; trade accounts receivable; accounts payable and accrued expenses; and loans and notes payable approximate their fair values because of the relatively short-term maturities of these financial instruments. As of December 31, 2018, the carrying amount and fair value of our long-term debt, including the current portion, were $30,361 million and $30,438 million, respectively. As of December 31, 2017, the carrying amount and fair value of our long-term debt, including the current portion, were $34,480 million and $35,169 million, respectively.

NOTE 18: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

Other Operating Charges

In 2018, the Company recorded other operating charges of $1,079 million. These charges primarily consisted of $450 million of CCR asset impairments and $440 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $139 million related to costs incurred to refranchise certain of our North America bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Other operating charges also included $33 million related to tax litigation expense and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 2 for additional information on the refranchising of our bottling operations. Refer to Note 12 for additional information related to the tax litigation. Refer to Note 17 for additional information on the impairment charges. Refer to Note 19 for additional information on the Company's productivity and reinvestment program. Refer to Note 20 for the impact these charges had on our operating segments and Corporate.

In 2017, the Company recorded other operating charges of $1,902 million. These charges primarily consisted of $737 million of CCR asset impairments and $534 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $280 million related to costs incurred to refranchise certain of our bottling operations. Other operating charges also included $225 million related to a cash contribution we made to The Coca-Cola Foundation, $67 million related to tax litigation expense, $34 million related to impairments of Venezuelan intangible assets and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 1 for additional information about the Venezuelan intangible assets. Refer to Note 2 for additional information on the refranchising of our bottling operations. Refer to Note 17 for information on how the Company determined the asset impairment charges. Refer to Note 19 for additional information on the Company's productivity and reinvestment program. Refer to Note 20 for the impact these charges had on our operating segments and Corporate.

In 2016, the Company recorded other operating charges of $1,371 million. These charges primarily consisted of $352 million due to the Company's productivity and reinvestment program and $240 million due to the integration of our German bottling operations. In addition, the Company recorded charges of $276 million related to costs incurred to refranchise certain of our bottling operations. The Company also recorded a charge of $200 million related to cash contributions we made to The Coca-Cola Foundation, a charge of $76 million due to the write-down we recorded related to our receivables from our bottling partner in Venezuela as a result of changes in exchange rates, and charges of $41 million related to noncapitalizable transaction costs associated with pending and closed transactions. In 2016, the Company also recorded impairment charges of $153 million related to certain intangible assets. Refer to Note 1 for additional information on the Venezuelan exchange rates. Refer to Note 2 for additional information on the refranchising of our bottling operations. Refer to Note 17 for additional information on the impairment charges. Refer to Note 19 for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 20 for the impact these charges had on our operating segments and Corporate.

Other Nonoperating Items

Interest Expense

During the year ended December 31, 2018, the Company recorded a net gain of $27 million related to the early extinguishment of long-term debt. Refer to Note 11 for additional information.

During the year ended December 31, 2017, the Company recorded a net charge of $38 million related to the early extinguishment of long-term debt. Refer to Note 11 for additional information.

Equity Income (Loss) — Net

The Company recorded net charges of $111 million, $92 million and $61 million in equity income (loss) — net during the years ended December 31, 2018, 2017 and 2016, respectively. These amounts primarily represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 20 for the impact these charges had on our operating segments and Corporate.

Other Income (Loss) — Net

In 2018, other income (loss) — net was a loss of $1,121 million. The Company recorded other-than-temporary impairment charges of $591 million related to certain of our equity method investees and net charges of $476 million due to the refranchising of certain bottling territories in North America. The Company also recorded a net loss of $278 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, charges of $240 million related to pension settlements, and a net loss of $79 million related to economic hedging activity associated with the purchase of Costa, which we acquired on January 3, 2019. Additionally, we recorded charges of $34 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements, a net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations, and a $32 million loss related to acquiring a controlling interest in the Philippine bottling operations. These charges were partially offset by a net gain of $296 million related to the sale of our equity ownership in Lindley and a net gain of $47 million related to the refranchising of our Latin American bottling operations. Refer to Note 1 and Note 4 for additional information on equity and debt securities. Refer to Note 2 for additional information on refranchising activities, North America conversion payments, the sale of our equity ownership in Lindley and our acquisition of the controlling interest in the Philippine bottling operations. Refer to Note 6 for additional information on our hedging activities. Refer to Note 17 for information on how the Company determined the impairment charges. Refer to Note 20 for the impact these items had on our operating segments and Corporate. Refer to Note 22 for additional information on the acquisition of Costa.

In 2017, other income (loss) — net was a loss of $1,764 million. The Company recognized a net charge of $2,140 million due to the refranchising of certain bottling territories in North America and charges of $313 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. The Company also recorded net charges of $255 million resulting from settlements, special termination benefits and curtailment credits primarily related to North America refranchising and the Company's productivity and reinvestment program. Additionally, the Company recorded an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The Company also incurred a charge of $26 million related to our former German bottling operations. These charges were partially offset by a gain of $445 million related to the integration of CCW and CCEJ to establish CCBJHI. In exchange for our previously existing equity interests in CCW and CCEJ, we received an approximate 17 percent equity interest in CCBJHI. The Company also recognized a gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value upon consolidation of CCBA. Additionally, the Company recognized a gain of $88 million related to the refranchising of our China bottling operations and the sale of a related cost method investment and a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Refer to Note 2 for additional information on our North America and China refranchising activities, the conversion payments and our consolidation of CCBA. Refer to Note 20 for the impact these items had on our operating segments and Corporate.

In 2016, other income (loss) — net was a loss of $1,265 million. This loss included losses of $2,456 million due to the refranchising of certain bottling territories in North America and a net charge of $139 million resulting from settlements and special termination benefits primarily related to North America refranchising. The Company also recorded a loss of $21 million due to the deconsolidation of our South African bottling operations and disposal of the related equity method investment in exchange for investments in CCBA and CCBA's South African subsidiary. The Company incurred charges of $31 million related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Additionally, the Company incurred a charge of $72 million as a result of remeasuring its net monetary assets denominated in Egyptian pounds. The Egyptian pound devalued as a result of the central bank allowing its currency, which was previously pegged to the U.S. dollar, to float freely. These charges were partially offset by a gain of $1,323 million due to the deconsolidation of our German bottling operations. Refer to Note 2 for additional information on the deconsolidation of our German bottling operations, the deconsolidation of our South African bottling operations, the North America refranchising and the conversion payments. Refer to Note 20 for the impact these items had on our operating segments and Corporate.

NOTE 19: PRODUCTIVITY, INTEGRATION AND RESTRUCTURING INITIATIVES

Productivity and Reinvestment

In February 2012, the Company announced a productivity and reinvestment program designed to further enable our efforts to strengthen our brands and reinvest our resources to drive long-term profitable growth. This program is focused on the following initiatives: global supply chain optimization; global marketing and innovation effectiveness; operating expense leverage and operational excellence; data and information technology systems standardization; and the integration of Old CCE.

In February 2014, the Company announced the expansion of our productivity and reinvestment program to drive incremental productivity that will primarily be redirected into increased media investments. Our incremental productivity goal consists of two relatively equal components. First, we will expand savings through global supply chain optimization, data and information technology systems standardization, and resource and cost reallocation. Second, we will increase the effectiveness of our marketing investments by transforming our marketing and commercial model to redeploy resources into more consumer-facing marketing investments to accelerate growth.

In October 2014, the Company announced that we were further expanding our productivity and reinvestment program and extending it through 2019. The expansion of the productivity initiatives focuses on four key areas: restructuring the Company's global supply chain; implementing zero-based work, an evolution of zero-based budget principles, across the organization; streamlining and simplifying the Company's operating model; and further driving increased discipline and efficiency in direct marketing investments.

In April 2017, the Company announced another expansion of our productivity and reinvestment program. This expansion is focused on achieving additional efficiencies in both our supply chain and our marketing expenditures as well as transitioning to a new, more agile operating model to enable growth. Under this operating model, our business units will be supported by an expanded enabling services organization and a corporate center focused on a few strategic initiatives, policy and governance. The expanded enabling services organization will focus on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

The Company has incurred total pretax expenses of $3,566 million related to our productivity and reinvestment program since it commenced. These expenses were recorded in the line items other operating charges and other income (loss) — net in our consolidated statements of income. Refer to Note 20 for the impact these charges had on our operating segments and Corporate. Outside services reported in the table below primarily relate to expenses in connection with legal, outplacement and consulting activities. Other direct costs reported in the table below include, among other items, internal and external costs associated with the development, communication, administration and implementation of these initiatives; accelerated depreciation on certain fixed assets; contract termination fees; and relocation costs.

The following table summarizes the balance of accrued expenses related to these productivity and reinvestment initiatives and the changes in the accrued amounts (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2016				
Accrued balance at beginning of year	$ 144	$ 8	$ 52	$ 204
Costs incurred	95	27	230	352
Payments	(114)	(30)	(205)	(349)
Noncash and exchange	(2)	1	(55)	(56)
Accrued balance at end of year	$ 123	$ 6	$ 22	$ 151
2017				
Costs incurred	$ 310	$ 79	$ 261	$ 650
Payments	(181)	(83)	(267)	(531)
Noncash and exchange	(62) [1]	(1)	(1)	(64)
Accrued balance at end of year	$ 190	$ 1	$ 15	$ 206
2018				
Costs incurred	**$ 164**	**$ 92**	**$ 252**	**$ 508**
Payments	**(209)**	**(83)**	**(211)**	**(503)**
Noncash and exchange	**(69)** [1]	**—**	**(52)**	**(121)**
Accrued balance at end of year	**$ 76**	**$ 10**	**$ 4**	**$ 90**

[1] Includes pension settlement charges. Refer to Note 14.

Integration Initiatives

Integration of Our German Bottling Operations

In 2008, the Company began an integration initiative related to our German bottling operations acquired in 2007. The Company incurred $240 million of expenses related to this initiative in 2016 and has incurred total pretax expenses of $1,367 million related to this initiative since it commenced. These expenses were recorded in the line item other operating charges in our consolidated statements of income and impacted the Bottling Investments operating segment. The expenses recorded in connection with these integration activities have been primarily due to involuntary terminations. During the year ended December 31, 2016, the Company deconsolidated our German bottling operations. Therefore, there was no remaining accrual balance as of December 31, 2016. Refer to Note 2 for additional information on the deconsolidation of our German bottling operations.

NOTE 20: OPERATING SEGMENTS

As of December 31, 2018, our organizational structure consisted of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; and Bottling Investments. Our operating structure also included Corporate, which consists of two components: (1) a center focused on strategic initiatives, policy and governance, and (2) an enabling services organization focused on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

Segment Products and Services

The business of our Company is nonalcoholic beverages. Our geographic operating segments (Europe, Middle East and Africa; Latin America; North America; and Asia Pacific) derive a majority of their revenues from the manufacture and sale of beverage concentrates and syrups and, in some cases, the sale of finished beverages. Our Bottling Investments operating segment is composed of our Company-owned or consolidated bottling operations, with the exception of those that are classified as discontinued operations, regardless of the geographic location of the bottler. Our Bottling Investments operating segment also includes equity income from the majority of our equity method investments. Company-owned or consolidated bottling operations derive the majority of their revenues from the sale of finished beverages. Generally, finished product operations produce higher net operating revenues but lower gross profit margins compared to concentrate operations. Refer to Note 3.

The following table sets forth the percentage of total net operating revenues related to concentrate operations and finished product operations:

Year Ended December 31,	**2018**	2017	2016
Concentrate operations	**64 %**	51 %	40 %
Finished product operations	**36**	49	60
Total	**100 %**	100 %	100 %

Method of Determining Segment Income or Loss

Management evaluates the performance of our operating segments separately to individually monitor the different factors affecting financial performance. Our Company manages income taxes from continuing operations and certain treasury-related items, such as interest income and expense, on a global basis within Corporate. We evaluate segment performance based on income or loss from continuing operations before income taxes.

Geographic Data

The following table provides information related to our net operating revenues (in millions):

Year Ended December 31,		**2018**		2017		2016
United States	**$**	**11,344**	$	14,727	$	19,899
International		**20,512**		20,683		21,964
Net operating revenues	**$**	**31,856**	$	35,410	$	41,863

The following table provides information related to our property, plant and equipment — net (in millions):

Year Ended December 31,		**2018**		2017		2016
United States	**$**	**4,154**	$	4,163	$	6,784
International		**4,078**		4,040		3,851
Property, plant and equipment — net	**$**	**8,232**	$	8,203	$	10,635

Information about our Company's continuing operations by operating segment and Corporate as of and for the years ended December 31, 2018, 2017 and 2016, is as follows (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Bottling Investments	Corporate	Eliminations	Consolidated
2018								
Net operating revenues:								
Third party	**$ 7,138**	**$3,975**	**$ 11,505**	**$ 4,809**	**$ 3,760**	**$ 105**	**$ —**	**$ 31,292**
Intersegment	**564**	**39**	**263**	**388**	**11**	**—**	**(701)**	**564** [4]
Total net operating revenues	**7,702**	**4,014**	**11,768**	**5,197**	**3,771**	**105**	**(701)**	**31,856**
Operating income (loss)	**3,714**	**2,321**	**2,453**	**2,278**	**(649)**	**(1,417)**	**—**	**8,700**
Interest income	**—**	**—**	**70**	**—**	**—**	**612**	**—**	**682**
Interest expense	**—**	**—**	**—**	**—**	**—**	**919**	**—**	**919**
Depreciation and amortization	**85**	**30**	**422**	**58**	**239**	**252**	**—**	**1,086**
Equity income (loss) — net	**2**	**(19)**	**(2)**	**12**	**828**	**187**	**—**	**1,008**
Income (loss) from continuing operations before income taxes	**3,406**	**2,247**	**2,494**	**2,305**	**(612)**	**(1,490)**	**—**	**8,350**
Identifiable operating assets[1]	**7,985**	**1,715**	**17,913**	**1,999** [2]	**4,135** [2]	**22,649**	**—**	**56,396** [5]
Investments[3]	**789**	**784**	**400**	**216**	**14,367**	**3,718**	**—**	**20,274**
Capital expenditures	**77**	**90**	**429**	**31**	**316**	**404**	**—**	**1,347**
2017								
Net operating revenues:								
Third party	$ 7,332	$3,956	$ 8,796	$ 4,767	$ 10,379	$ 138	$ —	$ 35,368
Intersegment	42	73	1,954	409	81	—	(2,517)	42 [4]
Total net operating revenues	7,374	4,029	10,750	5,176	10,460	138	(2,517)	35,410
Operating income (loss)	3,625	2,218	2,591	2,147	(962)	(2,020)	—	7,599
Interest income	—	—	44	—	—	633	—	677
Interest expense	—	—	—	—	—	841	—	841
Depreciation and amortization	91	37	411	65	454	202	—	1,260
Equity income (loss) — net	48	(3)	(3)	11	878	140	—	1,071
Income (loss) from continuing operations before income taxes	3,706	2,211	2,320	2,179	(2,358)	(1,316)	—	6,742
Identifiable operating assets[1]	5,475	1,896	17,619	2,072 [2]	4,493 [2]	27,060	—	58,615 [5]
Investments[3]	1,238	891	112	177	15,998	3,536	—	21,952
Capital expenditures	81	55	541	50	662	286	—	1,675
2016								
Net operating revenues:								
Third party	$ 7,014	$3,746	$ 6,587	$ 4,788	$ 19,601	$ 127	$ —	$ 41,863
Intersegment	264	73	3,738	506	134	5	(4,720)	—
Total net operating revenues	7,278	3,819	10,325	5,294	19,735	132	(4,720)	41,863
Operating income (loss)	3,668	1,953	2,614	2,210	1	(1,789)	—	8,657
Interest income	—	—	27	—	—	615	—	642
Interest expense	—	—	—	—	—	733	—	733
Depreciation and amortization	93	35	426	80	1,013	140	—	1,787
Equity income (loss) — net	62	18	(17)	9	648	115	—	835
Income (loss) from continuing operations before income taxes	3,749	1,966	2,592	2,238	(1,955)	(454)	—	8,136
Capital expenditures	62	45	438	107	1,329	281	—	2,262

[1] Principally cash and cash equivalents, short-term investments, marketable securities, trade accounts receivable, inventories, goodwill, trademarks and other intangible assets, and property, plant and equipment — net.

[2] Property, plant and equipment — net in India represented 10 percent and 11 percent of consolidated property, plant and equipment — net in 2018 and 2017, respectively.

[3] Principally equity method investments and other investments in bottling companies.

[4] Intersegment revenues do not eliminate on a consolidated basis in the table above due to intercompany sales to our discontinued operations.

[5] Identifiable operating assets excludes $6,546 million and $7,329 million of assets held for sale — discontinued operations as of December 31, 2018 and December 31, 2017, respectively.

During 2018, 2017 and 2016, our operating segments and Corporate were impacted by acquisition and divestiture activities. Refer to Note 2.

In 2018, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $4 million for Latin America, $175 million for North America, $31 million for Bottling Investments and $237 million for Corporate, and increased by $3 million for Europe, Middle East and Africa and $4 million for Asia Pacific due to the Company's productivity and reinvestment program, including refinements to prior period accruals. In addition, income (loss) from continuing operations before income taxes was reduced by $64 million for Corporate and $4 million for Latin America due to pension settlements related to the Company's productivity and reinvestment program. Refer to Note 14 and Note 19.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $450 million for Bottling Investments due to asset impairment charges. Refer to Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $139 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $33 million for Corporate due to tax litigation expense. Refer to Note 12.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $19 million for Corporate related to noncapitalizable transaction costs associated with pending and closed transactions.

- Income (loss) from continuing operations before income taxes was reduced by $476 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was reduced by $334 million for Europe, Middle East and Africa, $205 million for Bottling Investments and $52 million for Latin America due to other-than-temporary impairment charges related to certain of our equity method investees. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $278 million for Corporate related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Income (loss) from continuing operations before income taxes was reduced by $124 million for Bottling Investments and increased by $13 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Income (loss) from continuing operations before income taxes was reduced by $149 million for Bottling Investments due to pension settlements related to the refranchising of North America bottling operations. Refer to Note 14.

- Income (loss) from continuing operations before income taxes was reduced by $79 million for Corporate related to economic hedging activity associated with the purchase of Costa, which we acquired on January 3, 2019. Refer to Note 6 and Note 22.

- Income (loss) from continuing operations before income taxes was reduced by $34 million for North America primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

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Income (loss) from continuing operations before income taxes was reduced by $33 million for Bottling Investments primarily due to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations.

- Income (loss) from continuing operations before income taxes was reduced by $32 million for Corporate related to acquiring a controlling interest in the Philippine bottling operations. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $296 million for Corporate related to the sale of our equity ownership in Lindley. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $47 million for Corporate related to the refranchising of our Latin American bottling operations. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $27 million for Corporate related to a net gain on the extinguishment of long-term debt. Refer to Note 11.

In 2017, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $26 million for Europe, Middle East and Africa, $7 million for Latin America, $241 million for North America, $10 million for Asia Pacific, $57 million for Bottling Investments and $193 million for Corporate due to the Company's productivity and reinvestment program. Income (loss) from continuing operations before income taxes was also reduced by $116 million for Corporate due to pension settlements related to the Company's productivity and reinvestment program. Refer to Note 14 and Note 19.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $737 million for Bottling Investments and $34 million for Corporate due to asset impairment charges. Refer to Note 17.

- Operating income (loss) was reduced by $280 million and income (loss) from continuing operations before income taxes was reduced by $419 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations. Refer to Note 2.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $225 million for Corporate as a result of a cash contribution we made to The Coca-Cola Foundation.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $67 million for Corporate due to tax litigation expense. Refer to Note 12.

- Income (loss) from continuing operations before income taxes was reduced by $4 million for Europe, Middle East and Africa, $2 million for North America, $70 million for Bottling Investments and $16 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Income (loss) from continuing operations before income taxes was reduced by $2,140 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $445 million for Corporate due to a gain recognized resulting from the merger of CCW and CCEJ. Refer to Note 18.

- Income (loss) from continuing operations before income taxes was reduced by $313 million for North America primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $150 million for Corporate related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $88 million for Corporate due to a gain recognized upon refranchising our China bottling operations and selling a related cost method investment. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was reduced by $50 million for Corporate due to an other-than-temporary impairment charge related to one of our international equity method investees. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $38 million for Corporate due to the early extinguishment of long-term debt. Refer to Note 11.

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Income (loss) from continuing operations before income taxes was reduced by $26 million for Corporate due to a charge related to our former German bottling operations.

- Income (loss) from continuing operations before income taxes was increased by $25 million for Corporate due to Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Refer to Note 17.

In 2016, the results of our operating segments and Corporate were impacted by the following items:

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $32 million for Europe, Middle East and Africa, $134 million for North America, $1 million for Asia Pacific, $322 million for Bottling Investments and $105 million for Corporate and increased by $2 million for Latin America due to the Company's productivity and reinvestment program, including refinements to prior period accruals. Refer to Note 19.

- Operating income (loss) was reduced by $276 million and income (loss) from continuing operations before income taxes was reduced by $297 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations. Refer to Note 2.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $200 million for Corporate as a result of cash contributions to The Coca-Cola Foundation.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $153 million for Bottling Investments due to impairment charges recorded on certain of the Company's intangible assets.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $76 million for Latin America due to the write-down we recorded related to our receivables from our bottling partner in Venezuela due to changes in exchange rates. Refer to Note 1.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $9 million for Bottling Investments and $32 million for Corporate related to noncapitalizable transaction costs associated with pending and closed transactions.

- Income (loss) from continuing operations before income taxes was reduced by $118 million for Bottling Investments due to pension settlement charges primarily as a result of our refranchising activities. Refer to Note 14.

- Income (loss) from continuing operations before income taxes was reduced by $52 million for Bottling Investments and $9 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Income (loss) from continuing operations before income taxes was reduced by $2,456 million for Bottling Investments primarily due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $1,323 million for Corporate as a result of the deconsolidation of our German bottling operations. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was reduced by $72 million for Corporate as a result of remeasuring our net monetary assets denominated in Egyptian pounds. Refer to Note 18.

- Income (loss) from continuing operations before income taxes was reduced by $31 million for North America related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

NOTE 21: NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided by (used in) operating activities attributable to the net change in operating assets and liabilities is composed of the following (in millions):

Year Ended December 31,	**2018**	2017	2016
(Increase) decrease in trade accounts receivable	**$ 66**	$ (141)	$ (28)
(Increase) decrease in inventories	**(171)**	(355)	(142)
(Increase) decrease in prepaid expenses and other assets	**(221)**	506	279
Increase (decrease) in accounts payable and accrued expenses	**(289)**	(445)	(540)
Increase (decrease) in accrued income taxes	**(12)**	(153)	750
Increase (decrease) in other liabilities[1]	**(575)**	4,052	(544)
Net change in operating assets and liabilities	**$ (1,202)**	$ 3,464	$ (225)

[1] The increase in other liabilities in 2017 was primarily due to the one-time transition tax required by the Tax Reform Act signed into law on
December 22, 2017. Refer to Note 15.

NOTE 22: SUBSEQUENT EVENT

On January 3, 2019, the Company acquired Costa in exchange for $4.9 billion of cash. Costa is a coffee company with retail outlets in over 30 countries, a coffee vending operation, for-home coffee formats and a state-of-the-art roastery. We believe this acquisition will allow us to increase our presence in the hot beverages market platform. We are currently in the process of finalizing the accounting for this transaction and expect to complete our preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the first quarter of 2019.

REPORT OF MANAGEMENT

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with accounting principles generally accepted in the United States appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

Management of the Company is responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel, and a written Code of Business Conduct adopted by our Company's Board of Directors, applicable to all officers and employees of our Company and subsidiaries. In addition, our Company's Board of Directors adopted a written Code of Business Conduct for Non-Employee Directors which reflects the same principles and values as our Code of Business Conduct for officers and employees but focuses on matters of relevance to non-employee Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"). Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") in *Internal Control—Integrated Framework*. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2018.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's Board of Directors, subject to ratification by our Company's shareowners. Ernst & Young LLP has audited and reported on the consolidated financial statements of The Coca-Cola Company and subsidiaries and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

Audit Committee's Responsibility

The Audit Committee of our Company's Board of Directors, composed solely of Directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act, and the Company's Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal controls and auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in the Company's 2019 Proxy Statement.

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James R. Quincey

Chief Executive Officer
February 21, 2019

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Larry M. Mark

Vice President and Controller
February 21, 2019

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Kathy N. Waller

Executive Vice President and Chief Financial Officer
February 21, 2019

image5a05.jpg

Mark Randazza

Vice President, Assistant Controller and Chief Accounting Officer
February 21, 2019

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with US generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal controls over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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We have served as the Company's auditor since 1921.

Atlanta, Georgia
February 21, 2019

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on Internal Control over Financial Reporting

We have audited The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Coca-Cola Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Atlanta, Georgia
February 21, 2019

Quarterly Data (Unaudited)

(In millions except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2018					
Net operating revenues	**$ 7,626**	**$ 8,927**	**$ 8,245**	**$ 7,058**	**$ 31,856**
Gross profit	**4,888**	**5,675**	**5,186**	**4,337**	**20,086**
Net income attributable to shareowners of The Coca-Cola Company	**1,368**	**2,316**	**1,880**	**870**	**6,434**
Basic net income per share	**$ 0.32**	**$ 0.54**	**$ 0.44**	**$ 0.20**	**$ 1.51** [1]
Diluted net income per share	**$ 0.32**	**$ 0.54**	**$ 0.44**	**$ 0.20**	**$ 1.50**
2017					
Net operating revenues	$ 9,118	$ 9,702	$ 9,078	$ 7,512	$ 35,410
Gross profit	5,605	6,043	5,684	4,823	22,155
Net income (loss) attributable to shareowners of The Coca-Cola Company	1,182	1,371	1,447	(2,752)	1,248
Basic net income (loss) per share	$ 0.28	$ 0.32	$ 0.34	$ (0.65)	$ 0.29
Diluted net income (loss) per share	$ 0.27	$ 0.32	$ 0.33	$ (0.65)	$ 0.29 [1]

[1] The sum of the quarterly net income (loss) per share amounts does not agree to the full year net income per share amounts. We calculate net income (loss) per share based on the weighted-average number of outstanding shares during the reporting period. The average number of shares fluctuates throughout the year and can therefore produce a full year result that does not agree to the sum of the individual quarters.

Our first quarter, second quarter and third quarter reporting periods end on the Friday closest to the last day of the applicable quarterly calendar period. Our fourth quarter and fiscal year end on December 31 regardless of the day of the week on which December 31 falls.

During 2018 and 2017, our quarterly operating results were impacted by acquisition and divestiture activities. Refer to Note 2.

The Company's first quarter 2018 results were impacted by one less day compared to the first quarter of 2017. Furthermore, the Company recorded the following transactions which impacted results:

- Charges of $390 million related to the impairment of certain assets. Refer to Note 17.
- Charges of $95 million due to the Company's productivity and reinvestment program. Refer to Note 19.
- A net loss of $85 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
- A net charge of $51 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Charges of $45 million related to costs incurred to refranchise certain of our North America bottling operations.
- A net loss of $33 million primarily related to the reversal of the cumulative translation adjustments resulting from the substantial liquidation of the Company's former Russian juice operations.

- Charges of $19 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

In the second quarter of 2018, the Company recorded the following transactions which impacted results:

- Charges of $150 million due to the Company's productivity and reinvestment program. Refer to Note 19.
- Charges of $102 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Charges of $60 million related to the impairment of certain assets. Refer to Note 17.
- An other-than-temporary impairment charge of $52 million related to one of our international equity method investees. Refer to Note 17.
- Charges of $47 million related to pension settlements as a result of North America refranchising. Refer to Note 14.
- A net gain of $36 million related to the refranchising of our Latin American bottling operations. Refer to Note 2.

- A net gain of $36 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Charges of $34 million related to costs incurred to refranchise certain of our North America bottling operations.

- A net charge of $33 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Charges of $22 million related to tax litigation expense. Refer to Note 12.

In the third quarter of 2018, the Company recorded the following transactions which impacted results:

- A net gain of $370 million related to the sale of our equity ownership in Lindley. Refer to Note 2.

- Charges of $275 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- An other-than-temporary impairment charge of $205 million related to our equity method investee in Indonesia. Refer to Note 17.

- Charges of $132 million due to the Company's productivity and reinvestment program. Refer to Note 19.

- A net gain of $64 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- A gain of $41 million related to economic hedging activity associated with the purchase of Costa, which we acquired on January 3, 2019. Refer to Note 6.

- Charges of $38 million related to costs incurred to refranchise certain of our North America bottling operations.

- A net gain of $27 million related to the early extinguishment of long-term debt. Refer to Note 11.

- A net gain of $19 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- Charges of $12 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- A gain of $11 million related to the refranchising of our Latin American bottling operations. Refer to Note 2.

The Company's fourth quarter 2018 results were impacted by one additional day compared to the fourth quarter of 2017. Furthermore, the Company recorded the following transactions which impacted results:

- Other-than-temporary impairment charges of $334 million related to certain of our equity method investees in the Middle East. Refer to Note 17.

- A net loss of $293 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

- Charges of $131 million due to the Company's productivity and reinvestment program. Refer to Note 19.

- A net loss of $120 million related to economic hedging activity associated with the purchase of Costa, which we acquired on January 3, 2019. Refer to Note 6.

- Charges of $102 million related to pension settlements as a result of North America refranchising. Refer to Note 14.

- Charges of $97 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- A loss of $74 million related to the sale of our equity ownership in Lindley. Refer to Note 2.

- A net charge of $46 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

- A net loss of $32 million related to acquiring a controlling interest in the Philippine bottling operations. Refer to Note 2.

- Charges of $22 million related to costs incurred to refranchise certain of our North America bottling operations.

In the first quarter of 2017, the Company recorded the following transactions which impacted results:

- Charges of $497 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Charges of $139 million due to the Company's productivity and reinvestment program. Refer to Note 19.

- Charges of $106 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- Charges of $104 million related to the impairment of certain intangible assets. Refer to Note 17.
- A net charge of $58 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Charges of $60 million related to costs incurred to refranchise certain of our bottling operations.

In the second quarter of 2017, the Company recorded the following transactions which impacted results:

- Charges of $667 million related to the impairment of certain intangible assets. Refer to Note 17.
- A gain of $445 million related to the integration of CCW and CCEJ to establish CCBJHI. Refer to Note 18.
- Charges of $214 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Charges of $109 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.
- Charges of $87 million due to the Company's productivity and reinvestment program. Refer to Note 19.
- Charges of $44 million related to costs incurred to refranchise certain of our bottling operations.
- A net charge of $38 million related to the early extinguishment of long-term debt. Refer to Note 11.
- A net gain of $37 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- A gain of $9 million related to refranchising a substantial portion of our China bottling operations. Refer to Note 2.

In the third quarter of 2017, the Company recorded the following transactions which impacted results:

- Charges of $762 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Charges of $213 million related to costs incurred to refranchise certain of our bottling operations.
- Charges of $129 million due to the Company's productivity and reinvestment program. Refer to Note 19.
- A gain of $79 million related to the refranchising of our remaining China bottling operations and related cost method investment. Refer to Note 2.
- Charges of $72 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.
- An other-than-temporary impairment charge of $50 million related to one of our international equity method investees. Refer to Note 17.
- A net charge of $16 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

In the fourth quarter of 2017, the Company recorded the following transactions which impacted results:

- A net provisional tax charge of $3,610 million as a result of the Tax Reform Act that was signed into law on December 22, 2017. Refer to Note 15.

- Charges of $667 million due to the refranchising of certain bottling territories in North America. Refer to Note 2.
- Charges of $295 million due to the Company's productivity and reinvestment program. Refer to Note 19.
- A charge of $225 million as a result of a cash contribution we made to The Coca-Cola Foundation.
- A gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value. Refer to Note 2.
- Charges of $105 million related to costs incurred to refranchise certain of our bottling operations.
- A net charge of $55 million related to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
- Charges of $26 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2018.

Report of Management on Internal Control Over Financial Reporting and Attestation Report of Independent Registered Public Accounting Firm

The report of management on our internal control over financial reporting as of December 31, 2018 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, "Item 8. Financial Statements and Supplementary Data" in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding Director Nominations under the subheading "Item 1 — Election of Directors" under the principal heading "Governance," the information regarding the Codes of Business Conduct under the subheading "Additional Governance Matters" under the principal heading "Governance," the information under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" under the principal heading "Share Ownership" and the information regarding the Audit Committee under the subheading "Board and Committee Governance" under the principal heading "Governance" in the Company's 2019 Proxy Statement is incorporated herein by reference. See Item X in Part I of this report for information regarding executive officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The information under the subheading "Director Compensation" under the principal heading "Governance" and the information under the subheadings "Compensation Discussion and Analysis," "Report of the Compensation Committee," "Compensation Committee Interlocks and Insider Participation," "Compensation Tables," "Payments on Termination or Change in Control" and "Pay Ratio Disclosure" under the principal heading "Compensation" and the information in "Annex B — Summary of Plans" in the Company's 2019 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" and the information under the subheading "Ownership of Equity Securities of the Company" under the principal heading "Share Ownership" in the Company's 2019 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the subheading "Director Independence and Related Person Transactions" under the principal heading
"Governance" in the Company's 2019 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors under the subheading "Item 3 — Ratification of the Appointment of Ernst & Young LLP as Independent Auditors" under the principal heading "Audit Matters" in the Company's 2019 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements:

Consolidated Statements of Income — Years Ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Comprehensive Income — Years Ended December 31, 2018, 2017 and 2016.

Consolidated Balance Sheets — December 31, 2018 and 2017.

Consolidated Statements of Cash Flows — Years Ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Shareowners' Equity — Years Ended December 31, 2018, 2017 and 2016.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.

2. Financial Statement Schedules:

The schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission ("SEC") are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations, warranties, covenants and conditions by or of each of the parties to the applicable agreement. These representations, warranties, covenants and conditions have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

EXHIBIT INDEX

(With regard to applicable cross-references in the list of exhibits below, the Company's Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission ("SEC") under File No. 001-02217; and Coca-Cola Refreshments USA, Inc.'s (formerly known as Coca-Cola Enterprises Inc.) Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-09300).

3.1	Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, dated July 27, 2012 — incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.
3.2	By-Laws of the Company, as amended and restated through September 2, 2015 — incorporated herein by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on September 3, 2015.
4.1	As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.
4.2	Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.3	First Supplemental Indenture, dated as of February 24, 1992, to Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.4	Second Supplemental Indenture, dated as of November 1, 2007, to Amended and Restated Indenture, dated as of April 26, 1988, as amended, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.5	Form of Note for 3.150% Notes due November 15, 2020 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 18, 2010.
4.6	Form of Exchange and Registration Rights Agreement among the Company, the representatives of the initial purchasers of the Notes and the other parties named therein — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 8, 2011.
4.7	Form of Note for 3.30% Notes due September 1, 2021 — incorporated herein by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.
4.8	Form of Note for 1.650% Notes due March 14, 2018 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 14, 2012.
4.9	Form of Note for 1.150% Notes due 2018 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 5, 2013.
4.10	Form of Note for 2.500% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 5, 2013.
4.11	Form of Note for 1.650% Notes due 2018 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.12	Form of Note for 2.450% Notes due 2020 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.13	Form of Note for 3.200% Notes due 2023 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.14	Form of Note for 1.875% Notes due 2026 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-A filed on September 19, 2014.
4.15	Form of Note for 1.125% Notes due 2022 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-A filed on September 19, 2014.
4.16	Form of Note for Floating Rate Notes due 2019 — incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.17	

	Form of Note for 0.75% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.18	Form of Note for 1.125% Notes due 2027 — incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.19	Form of Note for 1.625% Notes due 2035 — incorporated herein by reference to Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.

4.20	Form of Note for 1.875% Notes due 2020 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.21	Form of Note for 2.875% Notes due 2025 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.22	Form of Note for 1.375% Notes due 2019 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 31, 2016.
4.23	Form of Note for 2.55% Notes due 2026 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 31, 2016.
4.24	Form of Note for 1.550% Notes due 2021 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 1, 2016.
4.25	Form of Note for 2.250% Notes due 2026 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 1, 2016.
4.26	Form of Note for 1.100% Notes due 2036 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 2, 2016.
4.27	Form of Note for Floating Rate Notes due 2019 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.28	Form of Note for 0.000% Notes due 2021 — incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.29	Form of Note for 0.500% Notes due 2024 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.30	Form of Note for 2.200% Notes due 2022 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.31	Form of Note for 2.900% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.32	Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated July 30, 1991.
4.33	First Supplemental Indenture, dated as of January 29, 1992, to the Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee —incorporated herein by reference to Exhibit 4.01 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated January 29, 1992.
4.34	Second Supplemental Indenture, dated as of June 22, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated June 23, 2017.
4.35	Third Supplemental Indenture, dated as of July 5, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 6, 2017.
10.1	The Coca-Cola Company Performance Incentive Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.2	The Coca-Cola Company 1999 Stock Option Plan, as amended and restated through February 20, 2013 (the "1999 Stock Option Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.2.1	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan — incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 14, 2007.*
10.2.2	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted December 12, 2007 — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 21, 2008.*

10.2.3	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3	The Coca-Cola Company 2002 Stock Option Plan, amended and restated through February 18, 2009 (the "2002 Stock Option Plan") — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2009.*

10.3.1	Form of Stock Option Agreement in connection with the 2002 Stock Option Plan, as amended — incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 8, 2004.*
10.3.2	Form of Stock Option Agreement in connection with the 2002 Stock Option Plan, as adopted December 12, 2007 — incorporated herein by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 21, 2008.*
10.3.3	Form of Stock Option Agreement in connection with the 2002 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.4	The Coca-Cola Company 2008 Stock Option Plan, as amended and restated, effective February 20, 2013 (the "2008 Stock Option Plan") — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.4.1	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 16, 2008.*
10.4.2	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.4.3	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 19, 2014— incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5	The Coca-Cola Company 1983 Restricted Stock Award Plan, as amended and restated through February 16, 2011 (the "1983 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2011.*
10.6	The Coca-Cola Company 1989 Restricted Stock Award Plan, as amended and restated through February 19, 2014 (the "1989 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.6.1	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.2	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.3	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.4	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.5	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.6.6	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.7	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.1	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.7.2	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 18, 2015.*

10.7.3	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.7.4	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 18, 2015.*

10.7.5	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.6	Form of Performance Share Agreement — Alternate for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.7	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.8	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.9	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.10	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 —incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.11	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.12	Form of Restricted Stock Unit Agreement-Retention Award for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.13	Clawback Policy for Awards under The Coca-Cola Company Performance Incentive Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.14	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.7.15	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.7.16	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 14, 2018 — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.8	The Coca-Cola Company Compensation Deferral & Investment Program of the Company, as amended (the "Compensation Deferral & Investment Program"), including Amendments Number One, Two, Three and Four, dated November 28, 1995 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.*
10.8.1	Amendment Number Five to the Compensation Deferral & Investment Program, effective as of January 1, 1998 — incorporated herein by reference to Exhibit 10.8.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.*
10.8.2	Amendment Number Six to the Compensation Deferral & Investment Program, dated as of January 12, 2004, effective January 1, 2004 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.*
10.9	The Coca-Cola Company Supplemental Pension Plan, Amended and Restated effective January 1, 2010 (the "Supplemental Pension Plan") — incorporated herein by reference to Exhibit 10.10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.9.1	

	Amendment One to the Supplemental Pension Plan, effective December 31, 2012, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.9.2	Amendment Two to the Supplemental Pension Plan, effective April 1, 2013, dated March 19, 2013 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*
10.9.3	Amendment Three to the Supplemental Pension Plan, effective January 1, 2010, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*

10.9.4	Amendment Four to The Coca-Cola Company Supplemental Pension Plan, effective June 1, 2017, dated June 29, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.9.5	Amendment Five to The Coca-Cola Company Supplemental Pension Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.10	The Coca-Cola Company Supplemental 401(k) Plan (f/k/a the Supplemental Thrift Plan of the Company), Amended and Restated Effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.10.1	Amendment One to The Coca-Cola Company Supplemental 401(k) Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.11	The Coca-Cola Company Supplemental Cash Balance Plan, effective January 1, 2012 (the "Supplemental Cash Balance Plan") — incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.11.1	Amendment One to the Supplemental Cash Balance Plan, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.12.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.11.2	Amendment Two to the Supplemental Cash Balance Plan, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.11.3	Amendment Three to the Supplemental Cash Balance Plan, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.12	The Coca-Cola Company Directors' Plan, amended and restated on December 13, 2012, effective January 1, 2013 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.13	Deferred Compensation Plan of the Company, as amended and restated December 8, 2010 — incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.*
10.13.1	Amendment Number One to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, effective January 1, 2016 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2016.*
10.13.2	Amendment Number Two to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, dated October 24, 2016 — incorporated herein by reference to Exhibit 10.13.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.14	The Coca-Cola Export Corporation Employee Share Plan, effective as of March 13, 2002 — incorporated herein by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.*
10.15	The Coca-Cola Company Benefits Plan for Members of the Board of Directors, as amended and restated through April 14, 2004 (the "Benefits Plan for Members of the Board of Directors") — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.*
10.15.1	Amendment Number One to the Benefits Plan for Members of the Board of Directors, dated December 16, 2005 — incorporated herein by reference to Exhibit 10.31.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005.*
10.16	The Coca-Cola Company Severance Pay Plan, as Amended and Restated, Effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.16.1	Amendment One to The Coca-Cola Company Severance Pay Plan, effective January 1, 2016, dated December 16, 2015 — incorporated herein by reference to Exhibit 10.16.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.16.2	

	Amendment Two to The Coca-Cola Company Severance Pay Plan, effective April 1, 2017, dated March 10, 2017 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.16.3	Amendment Three to The Coca-Cola Company Severance Pay Plan as Amended and Restated Effective January 1, 2012, dated March 23, 2018 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*

10.17	Order Instituting Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 — incorporated herein by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.18	Offer of Settlement of The Coca-Cola Company — incorporated herein by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.19	Letter, dated July 17, 2008, to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2008.*
10.19.1	Letter, dated April 27, 2017, from the Company to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.20	Letter of Understanding between the Company and Ceree Eberly, dated October 26, 2009, including Agreement on Confidentiality, Non-Competition and Non-Solicitation, dated November 1, 2009 — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.20.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Ceree Eberly dated March 15, 2017, accepted April 20, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.21	The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007 — incorporated herein by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.*
10.21.1	Amendment Number One to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated September 29, 2011 — incorporated herein by reference to Exhibit 10.34.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.21.2	Amendment Number Two to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated November 14, 2011 — incorporated herein by reference to Exhibit 10.34.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.21.3	Amendment Number Three to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 25, 2012.*
10.21.4	Amendment Number Four to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated November 18, 2014 — incorporated herein by reference to Exhibit 10.21.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.22	The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2011.*
10.22.1	Amendment Number One to The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011, dated September 20, 2011 — incorporated herein by reference to Exhibit 10.35.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.22.2	Amendment Number Two to The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 25, 2012.*
10.23	The Coca-Cola Export Corporation Mobile Employees Retirement Plan, effective January 1, 2012 — incorporated herein by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.24	Letter Agreement, dated as of June 7, 2010, between The Coca-Cola Company and Dr Pepper/ Seven Up, Inc. — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.25	

	Coca-Cola Enterprises Inc. 2004 Stock Award Plan — incorporated herein by reference to Exhibit 99.5 to the Company's Registration Statement on Form S-8 (Registration No. 333-169722) filed on October 1, 2010.*
10.26	Coca-Cola Enterprises Inc. 2007 Incentive Award Plan — incorporated herein by reference to Exhibit 99.6 to the Company's Registration Statement on Form S-8 (Registration No. 333-169722) filed on October 1, 2010.*
10.27	Letter, dated September 11, 2012, from the Company to Ahmet Bozer — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.27.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Ahmet Bozer, dated August 12, 2015 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 13, 2015.*

10.28	Letter, dated May 18, 2016, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 28, 2016.*
10.28.1	Letter, dated October 18, 2018, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.29	Letter, dated September 11, 2012, from the Company to J. Alexander Douglas, Jr. — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.30	Letter, dated September 11, 2012, from the Company to Nathan Kalumbu — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.31	Separation Agreement between Coca-Cola Pazarlama and Nathan Kalumbu, dated July 1, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 28, 2016.*
10.32	Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, effective as of January 1, 2012 — incorporated herein by reference to Exhibit 10.60.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.32.1	Amendment One to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, effective January 1, 2012, dated May 24, 2012 — incorporated herein by reference to Exhibit 10.60.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.32.2	Amendment Two to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.60.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.32.3	Amendment Three to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, adopted March 19, 2013 — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*
10.32.4	Amendment Four to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, effective February 28, 2014, dated September 22, 2014 — incorporated herein by reference to Exhibit 10.32.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.33	Letter, dated December 16, 2013, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.*
10.33.1	Letter, dated April 29, 2015, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 29, 2015.*
10.33.2	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between The Coca-Cola Company and Irial Finan, dated December 7, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2017.*
10.34	Letter, dated April 24, 2014, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2014.*
10.34.1	Letter, dated March 22, 2017, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.34.2	Letter, dated October 17, 2018, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 18, 2018.*
10.35	Letter, dated October 15, 2014, from the Company to Atul Singh — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.36	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between Coca-Cola India, Inc. and Atul Singh, dated effective July 29, 2016 —

	incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 27, 2016.*
10.37	Letter, dated December 16, 2014, from the Company to Marcos de Quinto — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.37.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Marcos de Quinto, dated March 20, 2017 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.38	Letter, dated February 19, 2015, from the Company to Ed Hays — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on April 30, 2015.*
10.39	Letter, dated February 18, 2016, from the Company to Julie Hamilton — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2016.*
10.40	Letter, dated August 12, 2015, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 13, 2015.*

10.40.1	Letter, dated April 27, 2017, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.41	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Alex Cummings, dated December 23, 2015 — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.42	Letter, dated October 14, 2015, from the Company to Bernhard Goepelt — incorporated herein by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.43	Letter, dated February 17, 2016, from the Company to Charles Brent Hastie — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 28, 2016.*
10.44	Letter, dated May 18, 2016, from the Company to Mario Alfredo Rivera Garcia — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 28, 2016.*
10.45	Letter, dated October 19, 2016, from the Company to Barry Simpson — incorporated herein by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.46	Letter, dated October 26, 2016, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.46.2	Letter, dated October 18, 2018, from the Company to John Murphy — incorporated herein by reference ot Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 18, 2018*
10.47	Letter, dated March 22, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.47.1	Deferred Cash Agreement, dated December 7, 2016, between Servicios Integrados de Administracion y Alta Gerencia, Sociedad de Responsabilidad Limitada de Capital Variable and Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.47.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.47.2	Letter, dated June 5, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.47.3	Letter, dated February 14, 2018, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2018.*
10.48	Letter, dated March 22, 2017, from the Company to Beatriz R. Perez — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.49	Letter, dated March 22, 2017, from the Company to Jennifer Mann — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.50	Letter, dated March 24, 2017, from the Company to Robert E. Long — incorporated herein by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.51	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Clyde Tuggle dated March 13, 2017, accepted April 24, 2017 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.52	

	Letter, dated April 27, 2017, from the Company to Mark Randazza — incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.53	Letter, dated October 23, 2017, from the Company to James Dinkins — incorporated herein by reference to Exhibit 10.53 to the Company's Current Report on Form 10-K for the year ended December 31, 2017.*
10.54	Letter, dated October 17, 2018, from the Company to Manuel Arroyo.*
10.55	Letter, dated October 17, 2018, from the Company to Nikolaos Koumettis, as further supplemented by Letter, dated February 1, 2019.*
10.56	Letter, dated October 18, 2018, from the Company to Nancy Quan.*
21.1	List of subsidiaries of the Company as of December 31, 2018.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney of Officers and Directors signing this report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by James R. Quincey, Chief Executive Officer of The Coca-Cola Company.

31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Kathy N. Waller, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
32.1	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 James R. Quincey, Chief Executive Officer of The Coca-Cola Company, and by Kathy N. Waller, Executive Vice President and Chief Financial Officer of The Coca-Cola Company.
101	The following financial information from The Coca-Cola Company's Annual Report on Form 10-K for the year ended December 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended December 31, 2018, 2017 and 2016, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016, (iii) Consolidated Balance Sheets as of December 31, 2018 and 2017, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016, (v) Consolidated Statements of Shareowners' Equity for the years ended December 31, 2018, 2017 and 2016 and (vi) the Notes to Consolidated Financial Statements.

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

THE COCA-COLA COMPANY
(Registrant)

By: /s/ JAMES QUINCEY
James R. Quincey
Chief Executive Officer
Date: February 21, 2019

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

/s/ JAMES QUINCEY
James R. Quincey
Chief Executive Officer and a Director
(Principal Executive Officer)

February 21, 2019

/s/ KATHY N. WALLER
Kathy N. Waller
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

February 21, 2019

/s/ LARRY M. MARK
Larry M. Mark
Vice President and Controller
(On behalf of the Registrant)

February 21, 2019

/s/ MARK RANDAZZA
Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
(Principal Accounting Officer)

February 21, 2019

*
Muhtar Kent
Chairman of the Board of Directors and a Director

February 21, 2019

*
Ana Botín
Director

February 21, 2019

*
Herbert A. Allen
Director

February 21, 2019

*
Richard M. Daley
Director

February 21, 2019

*
Ronald W. Allen
Director

February 21, 2019

*
Christopher C. Davis
Director

February 21, 2019

*
Marc Bolland
Director

February 21, 2019

*
Barry Diller
Director

February 21, 2019

*	*
Helene D. Gayle Director February 21, 2019	Sam Nunn Director February 21, 2019
*	*
Alexis M. Herman Director February 21, 2019	Caroline Tsay Director February 21, 2019
*	*
Robert A. Kotick Director February 21, 2019	David B. Weinberg Director February 21, 2019
*	
Maria Elena Lagomasino Director February 21, 2019	

*By: /s/ JENNIFER MANNING

Jennifer Manning
Attorney-in-fact

February 21, 2019

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

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017
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 Number 001-02217

cocacola22.jpg

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**58-0628465** (I.R.S. Employer Identification No.)
One Coca-Cola Plaza, Atlanta, Georgia (Address of principal executive offices)	**30313** (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.25 Par Value	**New York Stock Exchange**
Floating Rate Notes Due 2019	**New York Stock Exchange**
Floating Rate Notes Due 2019	**New York Stock Exchange**
0.000% Notes Due 2021	**New York Stock Exchange**
1.125% Notes Due 2022	**New York Stock Exchange**
0.75% Notes Due 2023	**New York Stock Exchange**
0.500% Notes Due 2024	**New York Stock Exchange**
1.875% Notes Due 2026	**New York Stock Exchange**
1.125% Notes Due 2027	**New York Stock Exchange**
1.625% Notes Due 2035	**New York Stock Exchange**
1.100% Notes Due 2036	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and Directors are "affiliates" of the Registrant) as of June 30, 2017, the last business day of the Registrant's most recently completed second fiscal quarter, was $189,848,200,565 (based on the closing sale price of the Registrant's Common Stock on that date as reported on the New York Stock Exchange).

The number of shares outstanding of the Registrant's Common Stock as of February 16, 2018, was 4,265,906,533.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the Annual Meeting of Shareowners to be held on April 25, 2018, are incorporated by reference in Part III.

THE COCA-COLA COMPANY AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that 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 views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause our Company's actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, "Item 1A. Risk Factors" and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission.

PART I

ITEM 1. BUSINESS

In this report, the terms "The Coca-Cola Company," "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in our consolidated financial statements.

General

The Coca-Cola Company is the world's largest beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries.

We make our branded beverage products available to consumers throughout the world through our network of Company-owned or -controlled bottling and distribution operations as well as independent bottling partners, distributors, wholesalers and retailers — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for more than 1.9 billion of the approximately 60 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage options to meet their desires, needs and lifestyles. Our success further depends on the ability of our people to execute effectively, every day.

Our objective is to use our Company's assets — our brands, financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of our management and associates — to become more competitive and to accelerate growth in a manner that creates value for our shareowners.

We were incorporated in September 1919 under the laws of the State of Delaware and succeeded to the business of a Georgia corporation with the same name that had been organized in 1892.

Operating Segments

The Company's operating structure is the basis for our internal financial reporting. As of December 31, 2017, our operating structure included the following operating segments, the first five of which are sometimes referred to as "operating groups" or "groups":

- Europe, Middle East and Africa
- Latin America
- North America
- Asia Pacific
- Bottling Investments
- Corporate

Except to the extent that differences among operating segments are material to an understanding of our business taken as a whole, the description of our business in this report is presented on a consolidated basis.

For financial information about our operating segments and geographic areas, refer to Note 19 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report, incorporated herein by reference. For certain risks attendant to our non-U.S. operations, refer to "Item 1A. Risk Factors" below.

Products and Brands

As used in this report:

-

"concentrates" means flavoring ingredients and, depending on the product, sweeteners used to prepare syrups or finished beverages and includes powders or minerals for purified water products such as Dasani;

- "syrups" means beverage ingredients produced by combining concentrates and, depending on the product, sweeteners and added water;

- "fountain syrups" means syrups that are sold to fountain retailers, such as restaurants and convenience stores, which use dispensing equipment to mix the syrups with sparkling or still water at the time of purchase to produce finished beverages that are served in cups or glasses for immediate consumption;

- "Company Trademark Beverages" means beverages bearing our trademarks and certain other beverage products bearing trademarks licensed to us by third parties for which we provide marketing support and from the sale of which we derive economic benefit; and

- "Trademark Coca-Cola Beverages" or "Trademark Coca-Cola" means beverages bearing the trademark Coca-Cola or any trademark that includes Coca-Cola or Coke (that is, Coca-Cola, Coca-Cola Life, Diet Coke/Coca-Cola Light and Coca-Cola Zero Sugar and all their variations and any line extensions, including caffeine free Diet Coke, Cherry Coke, etc.). Likewise, when we use the capitalized word "Trademark" together with the name of one of our other beverage products (such as "Trademark Fanta," "Trademark Sprite" or "Trademark Simply"), we mean beverages bearing the indicated trademark (that is, Fanta, Sprite or Simply, respectively) and all its variations and line extensions (such that "Trademark Fanta" includes Fanta Orange, Fanta Zero Orange, Fanta Apple, etc.; "Trademark Sprite" includes Sprite, Diet Sprite, Sprite Zero, Sprite Light, etc.; and "Trademark Simply" includes Simply Orange, Simply Apple, Simply Grapefruit, etc.).

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our concentrate operations, we typically generate net operating revenues by selling concentrates and syrups to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine the concentrates with sweeteners (depending on the product), still water and/or sparkling water, or combine the syrups with sparkling water to produce finished beverages. The finished beverages are packaged in authorized containers — such as cans and refillable and nonrefillable glass and plastic bottles — bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. Outside the United States, we also sell concentrates for fountain beverages to our bottling partners who are typically authorized to manufacture fountain syrups, which they sell to fountain retailers such as restaurants and convenience stores which use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers.

In our finished product operations, we typically generate net operating revenues by selling sparkling soft drinks and a variety of other nonalcoholic beverages, including water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors, wholesalers and bottling partners who distribute them to retailers. These finished product operations consist primarily of our Company-owned or -controlled bottling, sales and distribution operations which are included in our Bottling Investments operating segment. In addition, in the United States, we manufacture fountain syrups and sell them to fountain retailers, such as restaurants and convenience stores who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. We authorize these wholesalers to resell our fountain syrups through nonexclusive appointments that neither restrict us in setting the prices at which we sell fountain syrups to the wholesalers nor restrict the territories in which the wholesalers may resell in the United States. Our finished product business also includes juice and other still beverage production operations in North America. Our fountain syrup sales in the United States and the juice and other still beverage production operations in North America are included in our North America operating segment.

For information regarding net operating revenues and unit case volume related to our concentrate operations and finished product operations, refer to the heading "Our Business — General" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, which is incorporated herein by reference.

For information regarding how we measure the volume of Company beverage products sold by the Coca-Cola system, refer to the heading "Operations Review — Beverage Volume" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, which is incorporated herein by reference.

We own numerous valuable nonalcoholic beverage brands, including the following:

Coca-Cola	Georgia[2]	Dasani	Ice Dew[10]
Diet Coke/Coca-Cola Light	Powerade	Simply[6]	I LOHAS[11]
Coca-Cola Zero Sugar[1]	Del Valle[3]	Glacéau Vitaminwater	Ayataka[12]
Fanta	Schweppes[4]	Gold Peak[7]	
Sprite	Aquarius	FUZE TEA[8]	
Minute Maid	Minute Maid Pulpy[5]	Glacéau Smartwater[9]	

[1] Including Coca-Cola No Sugar and Coca-Cola Zero.

[2] Georgia is primarily a coffee brand sold mainly in Japan.

[3] Del Valle is a juice and juice drink brand sold in Latin America. In Mexico and Brazil, we manufacture, market and sell Del Valle beverage products through joint ventures with our bottling partners.

[4] Schweppes is owned by the Company in certain countries other than the United States.

[5] Minute Maid Pulpy is a juice drink brand sold primarily in Asia Pacific.

[6] Simply is a juice and juice drink brand sold in North America.

[7] Gold Peak is primarily a tea brand sold in North America.

[8] FUZE TEA is a brand sold outside of North America.

[9] Glacéau Smartwater is a vapor-distilled water with added electrolytes which is sold mainly in North America and Great Britain.

[10] Ice Dew is a water brand sold in China.

[11] I LOHAS is a water brand sold primarily in Japan.

[12] Ayataka is a green tea brand sold primarily in Japan.

In addition to the beverage brands we own, we also provide marketing support and otherwise participate in the sales of other nonalcoholic beverage brands through licenses, joint ventures and strategic partnerships, including, but not limited to, the following:

- We and certain of our bottlers distribute certain brands of Monster Beverage Corporation ("Monster"), primarily Monster Energy, in designated territories in the United States, Canada and other international territories pursuant to distribution coordination agreements between the Company and Monster and related distribution agreements between Monster and Company-owned or -controlled bottling operations and independent bottling and distribution partners.

- We have a strategic partnership with Aujan Industries Company J.S.C. ("Aujan"), one of the largest independent beverage companies in the Middle East. We own 50 percent of the entity that holds the rights in certain territories to brands produced and distributed by Aujan, including Rani, a juice brand, and Barbican, a flavored malt beverage brand.

- fairlife, LLC (“fairlife”), our joint venture with Select Milk Producers, Inc., a dairy cooperative, is a health and wellness dairy company whose products include fairlife ultra-filtered milk and Core Power, a high-protein milkshake. We and certain of our bottling partners distribute fairlife products in the United States and Canada.

Consumer demand determines the optimal menu of Company product offerings. Consumer demand can vary from one market to another and can change over time within a single market. Employing our business strategy, our Company seeks to further build its existing brands and, at the same time, to broaden its portfolio of brands, products and services in order to create and satisfy consumer demand in every market.

Distribution System

We make our branded beverage products available to consumers in more than 200 countries through our network of Company-owned or -controlled bottling and distribution operations, independent bottling partners, distributors, wholesalers and retailers — the world's largest beverage distribution system. Consumers enjoy finished beverage products bearing trademarks owned by or licensed to us at a rate of more than 1.9 billion servings each day. We continue to expand our marketing presence in an effort to increase our unit case volume and net operating revenues in developed, developing and emerging markets. Our strong and stable bottling and distribution system helps us to capture growth by manufacturing, distributing and selling existing, enhanced and new innovative products to our consumers throughout the world.

The Coca-Cola system sold 29.2 billion, 29.3 billion and 29.2 billion unit cases of our products in 2017, 2016 and 2015, respectively. Sparkling soft drinks represented 69 percent, 69 percent and 70 percent of our worldwide unit case volume for 2017, 2016 and 2015, respectively. Trademark Coca-Cola accounted for 45 percent, 45 percent and 46 percent of our worldwide unit case volume for 2017, 2016 and 2015, respectively.

In 2017, unit case volume in the United States represented 19 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 62 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume. Unit case volume outside the United States represented 81 percent of the Company's worldwide unit case volume for 2017. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and Japan, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 71 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 45 percent of non-U.S. unit case volume.

Our five largest independent bottling partners based on unit case volume in 2017 were:

- Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), which has bottling and distribution operations in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul, the state of Paraná, the state of Santa Catarina, part of the state of Rio Grande do Sul, part of the state of Goiás, part of the state of Rio de Janeiro and part of the state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and the Philippines (nationwide);

- Coca-Cola European Partners plc ("CCEP"), which has bottling and distribution operations in Andorra, Belgium, France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden;

- Coca-Cola HBC AG ("Coca-Cola Hellenic"), which has bottling and distribution operations in Armenia, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia, Greece, Hungary, Italy, Latvia, Lithuania, Moldova, Montenegro, Nigeria, Northern Ireland, Poland, Republic of Ireland, Romania, the Russian Federation, Serbia, Slovakia, Slovenia, Switzerland and Ukraine;

- Arca Continental, S.A.B. de C.V., which has bottling and distribution operations in northern and western Mexico, northern Argentina, Ecuador, Peru and the state of Texas and parts of the states of New Mexico, Oklahoma and Arkansas in the United States; and

- Swire Beverages, which has bottling and distribution operations in Hong Kong, Taiwan, 11 provinces and the Shanghai Municipality in the eastern and southern areas of mainland China, and territories in 13 states in the western United States.

In 2017, these five bottling partners combined represented 41 percent of our total unit case volume.

Being a bottler does not create a legal partnership or joint venture between us and our bottlers. Our bottlers are independent contractors and are not our agents.

Bottler's Agreements

We have separate contracts, to which we generally refer as "bottler's agreements," with our bottling partners regarding the manufacture and sale of Company products. Subject to specified terms and conditions and certain variations, the bottler's agreements generally authorize the bottlers to prepare specified Company Trademark Beverages, to package the same in authorized containers, and to distribute and sell the same in (but, subject to applicable local law, generally only in) an identified territory. The bottler is obligated to purchase its entire requirement of concentrates or syrups for the designated Company Trademark Beverages from the Company or Company-authorized suppliers. We typically agree to refrain from selling or distributing, or from authorizing third parties to sell or distribute, the designated Company Trademark Beverages throughout the identified territory in the particular authorized containers; however, we typically reserve for ourselves or our designee the right (1) to prepare and package such Company Trademark Beverages in such containers in the territory for sale outside the territory, (2) to prepare, package, distribute and sell such Company Trademark Beverages in the territory in any other manner

or form (territorial restrictions on bottlers vary in some cases in accordance with local law), and (3) to handle certain key accounts (accounts that cover multiple territories).

While under most of our bottler's agreements we generally have complete flexibility to determine the price and other terms of sale of the concentrates and syrups we sell to our bottlers, as a practical matter, our Company's ability to exercise its contractual flexibility to determine the price and other terms of sale of concentrates and syrups is subject, both outside and within the United States, to competitive market conditions. In addition, in some instances we have agreed or may in the future agree with

a bottler with respect to concentrate pricing on a prospective basis for specified time periods. Also, in some markets, in an effort to allow our Company and our bottling partners to grow together through shared value, aligned incentives and the flexibility necessary to meet consumers' always changing needs and tastes, we worked with our bottling partners to develop and implement an incidence-based concentrate pricing model. Under this model, the concentrate price we charge is impacted by a number of factors, including, but not limited to, bottler pricing, the channels in which the finished products are sold and package mix.

As further discussed below, our bottler's agreements for territories outside the United States differ in some respects from our bottler's agreements for territories within the United States.

Bottler's Agreements Outside the United States

Bottler's agreements between us and our authorized bottlers outside the United States generally are of stated duration, subject in some cases to possible extensions or renewals. Generally, these bottler's agreements are subject to termination by the Company following the occurrence of certain designated events, including defined events of default and certain changes in ownership or control of the bottlers. Most of the bottler's agreements in force between us and bottlers outside the United States authorize the bottlers to manufacture and distribute fountain syrups, usually on a nonexclusive basis.

In certain parts of the world outside the United States, we have not granted comprehensive beverage production rights to the bottlers. In such instances, we or our authorized suppliers sell Company Trademark Beverages to the bottlers for sale and distribution throughout the designated territory, often on a nonexclusive basis.

Bottler's Agreements Within the United States

In the United States, most bottlers operate under a "comprehensive beverage agreement" ("CBA") that is of stated duration, subject in most cases to renewal rights of bottlers and in some cases to renewal rights of the Company. Certain bottlers continue to operate under legacy bottler's agreements with no stated expiration date for Trademark Coca-Cola Beverages and other cola-flavored beverages. The bottler's agreements in the United States are subject to termination by the Company for nonperformance or upon the occurrence of certain defined events of default that may vary from contract to contract.

In conjunction with implementing a new beverage partnership model in North America, the Company granted certain additional exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage products (as defined by the CBAs) to certain U.S. bottlers. These expanding bottlers entered into new CBAs, to which we sometimes refer as "expanding bottler CBAs," which apply to newly granted territories as well as any legacy territories, and provide consistency across each such bottler's respective territory and consistency with other U.S. bottlers that have executed an expanding bottler CBA. Under the expanding bottler CBAs, the Company generally retained the rights to produce the applicable beverage products for territories not covered by specific manufacturing agreements and such bottlers purchase from the Company (or from Company-authorized manufacturing bottlers) substantially all of the finished beverage products needed in order to service the customers in these territories. The expanding bottler CBA has a term of 10 years and is renewable, in most cases by the bottler, and in some cases by the Company, indefinitely for successive additional terms of 10 years each, and includes additional requirements that provide for, among other things, a binding national governance model, mandatory incidence pricing and certain core performance requirements. The Company also entered into manufacturing agreements that authorize certain expanding bottlers that have executed expanding bottler CBAs to manufacture certain beverage products for their own account and for supply to other bottlers. In addition, certain U.S. bottlers that were not granted additional exclusive territory rights converted or agreed to convert their legacy bottler's agreements to a form of CBA to which we sometimes refer as "non-expanding bottler CBA." This form of CBA has a term of 10 years and is renewable by the bottler indefinitely for successive additional terms of 10 years each and is substantially similar in most material respects to the expanding bottler CBA, including with respect to requirements for a binding national governance model and mandatory incidence pricing, but includes core performance requirements that vary in certain respects from those in the expanding bottler CBA.

Those bottlers that have not signed a CBA continue to operate under legacy bottler's agreements that include pricing formulas that generally provide for a baseline price for certain Trademark Coca-Cola Beverages and other cola-flavored Company Trademark Beverages. This baseline price may be adjusted periodically by the Company, up to a maximum indexed ceiling price, and is adjusted quarterly based upon changes in certain sugar or sweetener prices, as applicable. The U.S. unit case volume manufactured, sold and distributed under these legacy bottler's agreements is not material.

Under the terms of the bottler's agreements, bottlers in the United States generally are not authorized to manufacture fountain syrups. Rather, the Company manufactures and sells fountain syrups to authorized fountain wholesalers

(including certain authorized bottlers) and some fountain retailers. These wholesalers in turn sell the syrups or deliver them on our behalf to restaurants and other retailers.

Promotions and Marketing Programs

In addition to conducting our own independent advertising and marketing activities, we may provide promotional and marketing support and/or funds to our bottlers. In most cases, we do this on a discretionary basis under the terms of commitment letters or agreements, even though we are not obligated to do so under the terms of the bottler's or distribution agreements between our Company and the bottlers. Also, on a discretionary basis in most cases, our Company may develop and introduce new products, packages and equipment to assist the bottlers. Likewise, in many instances, we provide promotional and marketing services and/or funds and/or dispensing equipment and repair services to fountain and bottle/can retailers, typically pursuant to marketing agreements. The aggregate amount of funds provided by our Company to bottlers, resellers or other customers of our Company's products, principally for participation in promotional and marketing programs, was $6.2 billion in 2017.

Investments in Bottling Operations

Most of our branded beverage products are manufactured, sold and distributed by independent bottling partners. However, from time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. Owning such a controlling interest enables us to compensate for limited local resources; help focus the bottler's sales and marketing programs; assist in the development of the bottler's business and information systems; and establish an appropriate capital structure for the bottler. In line with our long-term bottling strategy, we may periodically consider options for divesting or reducing our ownership interest in a Company-owned or -controlled bottler, typically by selling our interest in a particular bottling operation to an independent bottler to improve Coca-Cola system efficiency. When we sell our interest in a bottling operation to one of our other bottling partners in which we have an equity method investment, our Company continues to participate in the bottler's results of operations through our share of the equity method investee's earnings or losses.

In addition, from time to time we make equity investments representing noncontrolling interests in selected bottling operations with the intention of maximizing the strength and efficiency of the Coca-Cola system's production, marketing, sales and distribution capabilities around the world by providing expertise and resources to strengthen those businesses. These investments are intended to result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased sales for our Company's concentrate business. When our equity investment provides us with the ability to exercise significant influence over the investee bottler's operating and financial policies, we account for the investment under the equity method, and we sometimes refer to such a bottler as an "equity method investee bottler" or "equity method investee."

Seasonality

Sales of our nonalcoholic ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

Competition

The nonalcoholic beverage segment of the commercial beverage industry is highly competitive, consisting of numerous companies ranging from small or emerging to very large and well established. These include companies that, like our Company, compete in multiple geographic areas, as well as businesses that are primarily regional or local in operation. Competitive products include numerous nonalcoholic sparkling soft drinks; various water products, including flavored and enhanced waters; juices and nectars; fruit drinks and dilutables (including syrups and powdered drinks); coffees and teas; energy, sports and other performance-enhancing drinks; filtered milk and other dairy-based drinks; functional beverages, including vitamin-based products and relaxation beverages; and various other nonalcoholic beverages. These competitive beverages are sold to consumers in both ready-to-drink and other than ready-to-drink form. In many of the countries in which we do business, including the United States, PepsiCo, Inc. ("PepsiCo"), is one of our primary competitors. Other significant competitors include, but are not limited to, Nestlé S.A. ("Nestlé"), Dr Pepper Snapple Group, Inc. ("DPSG"), Groupe Danone, Mondelēz International, Inc. ("Mondelēz"), The Kraft Heinz Company ("Kraft"), Suntory Beverage & Food Limited ("Suntory") and Unilever. We also compete against numerous regional and local companies and, in some markets, against retailers that have developed their own store or private label beverage brands.

Competitive factors impacting our business include, but are not limited to, pricing, advertising, sales promotion programs, in-store displays and point-of-sale marketing, product and ingredient innovation, increased efficiency in production techniques, the introduction of new packaging, new vending and dispensing equipment, and brand and trademark development and protection.

Our competitive strengths include leading brands with high levels of consumer acceptance; a worldwide network of bottlers and distributors of Company products; sophisticated marketing capabilities; and a talented group of dedicated associates. Our competitive challenges include strong competition in all geographic regions and, in many countries, a concentrated retail sector with powerful buyers able to freely choose among Company products, products of competitive beverage suppliers and individual retailers' own store or private label beverage brands.

Raw Materials

Water is a main ingredient in substantially all of our products. While historically we have not experienced significant water supply difficulties, water is a limited natural resource in many parts of the world, and our Company recognizes water availability, quality and sustainability, for both our operations and also the communities where we operate, as one of the key challenges facing our business.

In addition to water, the principal raw materials used in our business are nutritive and non-nutritive sweeteners. In the United States, the principal nutritive sweetener is high fructose corn syrup ("HFCS"), which is nutritionally equivalent to sugar. HFCS is available from numerous domestic sources and has historically been subject to fluctuations in its market price. The principal nutritive sweetener used by our business outside the United States is sucrose, i.e., table sugar, which is also available from numerous sources and has historically been subject to fluctuations in its market price. Our Company generally has not experienced any difficulties in obtaining its requirements for nutritive sweeteners. In the United States, we purchase HFCS to meet our and our bottlers' requirements with the assistance of Coca-Cola Bottlers' Sales & Services Company LLC ("CCBSS"). CCBSS is a limited liability company that is owned by authorized Coca-Cola bottlers doing business in the United States. Among other things, CCBSS provides procurement services to our Company for the purchase of various goods and services in the United States, including HFCS.

The principal non-nutritive sweeteners we use in our business are aspartame, acesulfame potassium, sucralose, saccharin, cyclamate and steviol glycosides. Generally, these raw materials are readily available from numerous sources. However, our Company purchases aspartame, an important non-nutritive sweetener that is used alone or in combination with other important non-nutritive sweeteners such as saccharin or acesulfame potassium in our low- and no-calorie sparkling beverage products, primarily from Ajinomoto Co., Inc. and SinoSweet Co., Ltd., which we consider to be our primary sources for the supply of this product. In addition, we purchase sucralose, which we consider a critical raw material, from a limited number of suppliers in the United States and China. We work closely with our primary sucralose suppliers to maintain continuity of supply. However, global demand for sucralose has increased in recent years as consumer products companies are reformulating food and beverages to replace high-intensity sweeteners with non-nutritive sweeteners, primarily sucralose. In addition, the Chinese sucralose industry has been impacted by the imposition of stringent environmental requirements that have reduced or closed production. To mitigate the impact of the increase in demand and tightening of supply of sucralose, we are working with our existing suppliers to secure additional volume and are expanding our sucralose supplier base as well as assessing additional internal contingency plans to address any potential shortages. Our Company generally has not experienced major difficulties in obtaining its requirements for non-nutritive sweeteners and we do not anticipate such difficulties in the future.

Juice and juice concentrate from various fruits, particularly orange juice and orange juice concentrate, are the principal raw materials for our juice and juice drink products. We source our orange juice and orange juice concentrate primarily from Florida and the Southern Hemisphere (particularly Brazil). We work closely with Cutrale Citrus Juices U.S.A., Inc., our primary supplier of orange juice from Florida and Brazil, to ensure an adequate supply of orange juice and orange juice concentrate that meets our Company's standards. However, the citrus industry is impacted by greening disease and the variability of weather conditions. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of trees and increasing grower costs and prices.

Our Company-owned or consolidated bottling operations and our finished product business also purchase various other raw materials including, but not limited to, polyethylene terephthalate ("PET") resin, preforms and bottles; glass and aluminum bottles; aluminum and steel cans; plastic closures; aseptic fiber packaging; labels; cartons; cases; postmix packaging; and carbon dioxide. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

Patents, Copyrights, Trade Secrets and Trademarks

Our Company owns numerous patents, copyrights and trade secrets, as well as substantial know-how and technology, which we collectively refer to in this report as "technology." This technology generally relates to our Company's products and the processes for their production; the packages used for our products; and the design and operation of various processes and equipment used in our business. Some of the technology is licensed to suppliers and other parties. Our sparkling beverage and other beverage formulae are among the important trade secrets of our Company.

We own numerous trademarks that are very important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained. Pursuant to our bottler's agreements, we authorize our bottlers to use applicable Company trademarks in connection with their manufacture,

sale and distribution of Company products. In addition, we grant licenses to third parties from time to time to use certain of our trademarks in conjunction with certain merchandise and food products.

Governmental Regulation

Our Company is required to comply, and it is our policy to comply, with all applicable laws in the numerous countries throughout the world in which we do business. In many jurisdictions, compliance with competition laws is of special importance to us, and our operations may come under special scrutiny by competition law authorities due to our competitive position in those jurisdictions.

In the United States, the safety, production, transportation, distribution, advertising, labeling and sale of our Company's products and their ingredients are subject to the Federal Food, Drug, and Cosmetic Act; the Federal Trade Commission Act; the Lanham Act; state consumer protection laws; competition laws; federal, state and local workplace health and safety laws; various federal, state and local environmental protection laws; and various other federal, state and local statutes and regulations. Outside the United States, our business is subject to numerous similar statutes and regulations, as well as other legal and regulatory requirements.

Under a California law known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance. The state maintains lists of these substances and periodically adds other substances to these lists. Proposition 65 exposes all food and beverage producers to the possibility of having to provide warnings on their products in California because it does not provide for any generally applicable quantitative threshold below which the presence of a listed substance is exempt from the warning requirement. Consequently, the detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a "safe harbor" threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

One or more substances that are currently on the Proposition 65 lists, or that may be added in the future, can be detected in certain Company products at low levels that are safe. With respect to substances that have not yet been listed under Proposition 65, the Company takes the position that listing is not scientifically justified. With respect to substances that are already listed, the Company takes the position that the presence of each such substance in Company products is subject to an applicable exemption from the warning requirement or that the product is otherwise in compliance with Proposition 65. The state of California and other parties, however, have in the past taken a contrary position and may do so in the future.

Bottlers of our beverage products presently offer and use nonrefillable recyclable containers in the United States and various other markets around the world. Some of these bottlers also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. The precise requirements imposed by these measures vary. Other types of statutes and regulations relating to beverage container deposits, recycling, ecotaxes and/or product stewardship also apply in various jurisdictions in the United States and overseas. We anticipate that additional such legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere.

All of our Company's facilities and other operations in the United States and elsewhere around the world are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. Our policy is to comply with all such legal requirements. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect on our Company's capital expenditures, net income or competitive position.

Employees

As of December 31, 2017 and 2016, our Company had approximately 61,800 and 100,300 employees, respectively, of which approximately 2,900 were employed by consolidated variable interest entities ("VIEs") as of December 31, 2016. There were no employees employed by consolidated VIEs as of December 31, 2017. The decrease in the total number of employees in 2017 was primarily due to the refranchising of certain bottling territories that were

previously managed by Coca-Cola Refreshments ("CCR"), the refranchising of our China bottling operations, and our productivity initiatives. This decrease was partially offset by an increase in the number of employees due to the transition of Anheuser-Busch InBev's ("ABI") controlling interest in Coca-Cola Beverages Africa Proprietary Limited ("CCBA") to the Company in October 2017. For additional information about the North America and China refranchising transactions, as well as the transition of ABI's

controlling interest in CCBA, refer to Note 2 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report. As of December 31, 2017 and 2016, our Company had approximately 12,400 and 51,000 employees, respectively, located in the United States, of which zero and approximately 400, respectively, were employed by consolidated VIEs.

Our Company, through its divisions and subsidiaries, is a party to numerous collective bargaining agreements. As of December 31, 2017, approximately 3,700 employees, excluding seasonal hires, in North America were covered by collective bargaining agreements. These agreements typically have terms of three years to five years. We currently expect that we will be able to renegotiate such agreements on satisfactory terms when they expire.

The Company believes that its relations with its employees are generally satisfactory.

Securities Exchange Act Reports

The Company maintains a website at the following address: www.coca-colacompany.com. The information on the Company's website is not incorporated by reference in this Annual Report on Form 10-K.

We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission ("SEC") in accordance with the Securities Exchange Act of 1934, as amended ("Exchange Act"). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

Obesity and other health-related concerns may reduce demand for some of our products.

There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. Increasing public concern about obesity; other health-related public concerns surrounding consumption of sugar-sweetened beverages; possible new or increased taxes on sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; additional governmental regulations concerning the marketing, labeling, packaging or sale of our sugar-sweetened beverages; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labeling or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, our sugar-sweetened beverages, which could adversely affect our profitability.

Water scarcity and poor quality could negatively impact the Coca-Cola system's costs and capacity.

Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution, poor management and the effects of climate change. As the demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, the Coca-Cola system may incur higher costs or face capacity constraints that could adversely affect our profitability or net operating revenues in the long run.

If we do not address evolving consumer preferences, our business could suffer.

Consumer preferences have evolved and continue to evolve as a result of, among other things, health, wellness and nutrition considerations, especially the perceived undesirability of artificial ingredients and obesity concerns; shifting consumer demographics, including aging populations; changes in consumer tastes and needs; changes in consumer lifestyles; location of origin or source of products and ingredients; and competitive product and pricing pressures. If we fail to address these changes, or do not successfully anticipate future changes in consumer preferences, our share of sales, revenue growth and overall financial results could be negatively affected.

Increased competition could hurt our business.

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. For additional information regarding the competitive environment in which we operate, including the names of certain of

our significant competitors, refer to the heading "Competition" set forth in Part I, "Item 1. Business" of this report. Our ability to gain or maintain share of sales in the global market or in various local markets may be limited as a result of actions by competitors. If

we do not continuously strengthen our capabilities in marketing and innovation to maintain our brand loyalty and market share while we selectively expand into other profitable categories in the nonalcoholic beverage segment of the commercial beverage industry, our business could be negatively affected.

Product safety and quality concerns could negatively affect our business.

Our success depends in large part on our ability to maintain consumer confidence in the safety and quality of all of our products. We have rigorous product safety and quality standards, which we expect our operations as well as our bottling partners to meet. However, we cannot assure you that despite our strong commitment to product safety and quality we or all of our bottling partners will always meet these standards, particularly as we expand our product offerings through innovation or acquisitions into beverage categories, such as value-added dairy and plant-based beverages, that are beyond our traditional range of beverage products. If we or our bottling partners fail to comply with applicable product safety and quality standards, or if our beverage products taken to the market are or become contaminated or adulterated by any means, we may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause our business to suffer.

Public debate and concern about perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials, may reduce demand for our beverage products.

Public debate and concern about perceived negative health consequences of certain ingredients in our beverage products, such as non-nutritive sweeteners and biotechnology-derived substances; substances that are present in our beverage products naturally or that occur as a result of the manufacturing process, such as 4-methylimidazole ("4-MEI," a chemical compound that is formed during the manufacturing of certain types of caramel coloring used in cola-type beverages); or substances used in packaging materials, such as bisphenol A ("BPA," an odorless, tasteless food-grade chemical commonly used in the food and beverage industries as a component in the coating of the interior of cans), may affect consumers' preferences and cause them to shift away from some of our beverage products. In addition, increasing public concern about actual or perceived health consequences of the presence of such ingredients or substances in our beverage products or in packaging materials, whether or not justified, could result in additional governmental regulations concerning the marketing, labeling or sale of our beverages; possible new or increased taxes on our beverages by government entities; and negative publicity, or actual or threatened legal actions against us or other companies in our industry, all of which could damage the reputation of, and may reduce demand for, our beverage products.

If we are not successful in our innovation activities, our financial results may be negatively affected.

Achieving our business growth objectives depends in part on our ability to evolve and improve our existing beverage products through innovation and to successfully develop, introduce and market new beverage products. The success of our innovation activities in turn depends on our ability to correctly anticipate customer and consumer acceptance and trends, obtain, maintain and enforce necessary intellectual property protections and avoid infringing on the intellectual property rights of others. If we are not successful in our innovation activities, we may not be able to achieve our growth objectives, which may have a negative impact on our financial results.

Increased demand for food products and decreased agricultural productivity may negatively affect our business.

We and our bottling partners use a number of key ingredients that are derived from agricultural commodities such as sugarcane, corn, sugar beets, citrus, coffee and tea in the manufacture and packaging of our beverage products. Increased demand for food products and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of such agricultural commodities and could impact the food security of communities around the world. If we are unable to implement programs focused on economic opportunity and environmental sustainability to address these agricultural challenges and fail to make a strategic impact on food security through joint efforts with bottlers, farmers, communities, suppliers and key partners, as well as through our increased and continued investment in sustainable agriculture, the affordability of our products and ultimately our business and results of operations could be negatively impacted.

If we are unable to protect our information systems against service interruption, misappropriation of data or breaches of security, our operations could be disrupted, we may suffer financial losses and our reputation may be damaged.

We rely on networks and information systems and other technology ("information systems"), including the Internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing and collection of payments, employee processes, consumer marketing, mergers and acquisitions and research and development. We use information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial

reporting and legal and tax requirements. In addition, we depend on information systems for digital marketing activities and electronic communications among our locations around the world and between Company personnel and our bottlers and other customers, suppliers and consumers. Because information systems are critical to many of the Company's operating activities, our business may be impacted by

system shutdowns, service disruptions or security breaches. These incidents may be caused by failures during routine operations such as system upgrades or by user errors, as well as network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyberattacks by common hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. In addition, such incidents could result in unauthorized or accidental disclosure of material confidential information or regulated individual personal data. If our information systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, and we may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments for concentrate or finished products. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, falsification or unavailability of, information could result in violations of data privacy laws and regulations, damage to the reputation and credibility of the Company, loss of opportunities to acquire or divest of businesses or brands and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us, our current or former employees, our bottling partners, other customers or suppliers, or consumers or other data subjects, and may become exposed to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems.

Like most major corporations, the Company's information systems are a target of attacks. Although the incidents that we have experienced to date have not had a material effect on our business, financial condition or results of operations, there can be no assurance that such incidents will not have a material adverse effect on us in the future. In order to address risks to our information systems, we continue to make investments in personnel, technologies, cyber insurance and training of Company personnel. The Company maintains an information risk management program which is supervised by information technology management and reviewed by a cross-functional committee. As part of this program, reports that include analysis of emerging risks as well as the Company's plans and strategies to address them are regularly prepared and presented to senior management and the Audit Committee of the Board of Directors.

Changes in the retail landscape or the loss of key retail or foodservice customers could adversely affect our financial performance.

Our industry is being affected by the trend toward consolidation in the retail channel, particularly in Europe and the United States. Larger retailers may seek lower prices from us and our bottling partners, may demand increased marketing or promotional expenditures, and may be more likely to use their distribution networks to introduce and develop private label brands, any of which could negatively affect the Coca-Cola system's profitability. In addition, in developed markets, discounters and value stores, as well as the volume of transactions through e-commerce, are growing at a rapid pace. The nonalcoholic beverage retail landscape is also very dynamic and constantly evolving in emerging and developing markets, where modern trade is growing at a faster pace than traditional trade outlets. If we are unable to successfully adapt to the rapidly changing environment and retail landscape, our share of sales, volume growth and overall financial results could be negatively affected. In addition, our success depends in part on our ability to maintain good relationships with key retail and foodservice customers. The loss of one or more of our key retail or foodservice customers could have an adverse effect on our financial performance.

If we are unable to expand our operations in emerging and developing markets, our growth rate could be negatively affected.

Our success depends in part on our ability to grow our business in emerging and developing markets, which in turn depends on economic and political conditions in those markets and on our ability to work with local bottlers to make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Additionally, we rely on local availability of talented management and staff to establish and manage our operations in these markets. Scarcity or heavy competition for talented employee resources could impede our abilities in such markets. Moreover, the supply of our products in emerging and developing markets must match consumers' demand for those products. Due to product price, limited purchasing power and cultural differences, there can be no assurance that our products will be accepted in any particular emerging or developing market.

Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial results.

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the euro, the Japanese yen, the Brazilian real and the Mexican peso. In 2017, we used 73 functional currencies in addition to the U.S. dollar and derived $20.7 billion of net operating revenues from operations outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate

revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period.

Therefore, increases or decreases in the value of the U.S. dollar against other currencies affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. For information regarding the estimated impact of currency fluctuations on our consolidated and operating segment net operating revenues for 2017 and 2016, refer to the heading "Operations Review — Net Operating Revenues" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report. Because of the geographic diversity of our operations, weaknesses in some currencies might be offset by strengths in others over time. We also use derivative financial instruments to further reduce our net exposure to foreign currency exchange rate fluctuations. However, we cannot assure you that fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, would not materially affect our financial results.

If interest rates increase, our net income could be negatively affected.

We maintain levels of debt that we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. When and to the extent appropriate, we use derivative financial instruments to reduce our exposure to interest rate risks. We cannot assure you, however, that our financial risk management program will be successful in reducing the risks inherent in exposures to interest rate fluctuations. Our interest expense may also be affected by our credit ratings. In assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as the consolidated balance sheet and other financial information of the Company. In addition, some credit rating agencies also consider financial information of certain of our major bottlers. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure; our major bottlers' financial performance; changes in the credit rating agencies' methodology in assessing our credit strength; the credit agencies' perception of the impact of credit market conditions on our or our major bottlers' current or future financial performance and financial condition; or for any other reason, our cost of borrowing could increase. Additionally, if the credit ratings of certain bottlers in which we have equity method investments were to be downgraded, such bottlers' interest expense could increase, which would reduce our equity income.

We rely on our bottling partners for a significant portion of our business. If we are unable to maintain good relationships with our bottling partners, our business could suffer.

We generate a significant portion of our net operating revenues by selling concentrates and syrups to independent bottling partners. As independent companies, our bottling partners, some of which are publicly traded companies, make their own business decisions that may not always align with our interests. In addition, many of our bottling partners have the right to manufacture or distribute their own products or certain products of other beverage companies. If we are unable to provide an appropriate mix of incentives to our bottling partners through a combination of pricing and marketing and advertising support, or if our bottling partners are not satisfied with our brand innovation and development efforts, they may take actions that, while maximizing their own short-term profits, may be detrimental to our Company or our brands, or they may devote more of their energy and resources to business opportunities or products other than those of the Company. Such actions could, in the long run, have an adverse effect on our profitability.

If our bottling partners' financial condition deteriorates, our business and financial results could be affected.

We derive a significant portion of our net operating revenues from sales of concentrates and syrups to independent bottling partners and, therefore, the success of our business depends on our bottling partners' financial strength and profitability. While under our agreements with our bottling partners we generally have the right to unilaterally change the prices we charge for our concentrates and syrups, our ability to do so may be materially limited by our bottling partners' financial condition and their ability to pass price increases along to their customers. In addition, we have investments in certain of our bottling partners, which we account for under the equity method, and our operating results include our proportionate share of such bottling partners' income or loss. Our bottling partners' financial condition is affected in large part by conditions and events that are beyond our and their control, including competitive and general market conditions in the territories in which they operate; the availability of capital and other financing resources on reasonable terms; loss of major customers; additional regulations; or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest, natural disasters or other catastrophic events. A deterioration of the financial condition or results of operations of one or more of our major bottling partners could adversely affect our net operating revenues from sales of concentrates and syrups; and, if such deterioration involves one or more of our major equity investee bottling partners, could also result in a decrease in our equity income and/or impairments of our equity method investments.

Increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

We are subject to income tax in the United States and numerous other jurisdictions in which we generate profits. Our overall effective income tax rate is a function of applicable local tax rates and the geographic mix of our income from continuing

operations before taxes, which is itself impacted by currency movements. Consequently, the isolated or combined effects of unfavorable movements in tax rates, geographic mix, or foreign exchange rates could reduce our after-tax income.

Our annual tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions and accruals. The results of audits or related disputes could have a material effect on our financial statements for the period or periods for which the applicable final determinations are made and for periods for which the statute of limitations is open. For instance, the United States Internal Revenue Service ("IRS") is seeking to increase our U.S. taxable income for tax years 2007 through 2009 by an amount that creates a potential additional U.S. federal income tax liability of approximately $3.3 billion for the period, plus interest. For additional information regarding this income tax dispute, refer to Note 11 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report. If this income tax dispute were to be ultimately determined adversely to us, the additional tax, interest and any potential penalties could have a material adverse impact on the Company's financial position, results of operations and cash flows.

The Tax Cuts and Jobs Act ("Tax Reform Act"), which was signed into law on December 22, 2017, significantly affected U.S. income tax law by changing how the United States imposes income tax on multinational corporations. We have recorded in our consolidated financial statements provisional amounts based on our current estimates of the effects of the Tax Reform Act in accordance with our current understanding of the Tax Reform Act and currently available guidance. For additional information regarding the Tax Reform Act and the provisional tax amounts recorded in our consolidated financial statements, refer to the heading "Critical Accounting Policies and Estimates — Income Taxes" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report. The final amounts may be significantly affected by regulations and interpretive guidance expected to be issued by the tax authorities, clarifications of the accounting treatment of various items, our additional analysis, and our refinement of our estimates of the effects of the Tax Reform Act and, therefore, such final amounts may be materially different than our current provisional amounts, which could materially affect our tax obligations and effective tax rate.

Increased or new indirect taxes in the United States and throughout the world could negatively affect our business.

Our business operations are subject to numerous duties or taxes that are not based on income, sometimes referred to as "indirect taxes," including import duties, excise taxes, sales or value-added taxes, taxes on sugar-sweetened beverages, property taxes and payroll taxes, in many of the jurisdictions in which we operate, including indirect taxes imposed by state and local governments. In addition, in the past, the U.S. Congress considered imposing a federal excise tax on beverages sweetened with sugar, HFCS or other nutritive sweeteners and may consider similar proposals in the future. As federal, state and local governments in the United States and throughout the world experience significant budget deficits, some lawmakers have singled out beverages among a plethora of revenue-raising items and have imposed or increased, or proposed to impose or increase, sales or similar taxes on beverages, particularly sugar-sweetened beverages. Increases in or the imposition of new indirect taxes on our business operations or products would increase the cost of products or, to the extent levied directly on consumers, make our products less affordable, which may negatively impact our net operating revenues and profitability.

If we do not realize the economic benefits we anticipate from our productivity initiatives or are unable to successfully manage their possible negative consequences, our business operations could be adversely affected.

We believe that improved productivity is essential to achieving our long-term growth objectives and, therefore, a leading priority of our Company is to design and implement the most effective and efficient business model possible. For information regarding our productivity initiatives, refer to the heading "Operations Review — Other Operating Charges — Productivity and Reinvestment Program" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report. We have incurred, and we expect will continue to incur, significant costs and expenses with the programs and activities associated with our productivity initiatives. If we are unable to implement some or all of these actions fully or in the envisioned timeframe, or we otherwise do not timely capture the efficiencies, cost savings and revenue growth opportunities we anticipate from these actions, our results of operations for future periods could be negatively affected. In addition, some of the actions we are taking in furtherance of our productivity initiatives may become a distraction for our managers and employees and may disrupt our ongoing business operations; cause deterioration in employee morale which may make it more difficult for us to retain or attract qualified managers and employees; disrupt or weaken the internal control structures of the affected business operations; and give rise to negative publicity which could affect our

corporate reputation. If we are unable to successfully manage the possible negative consequences of our productivity initiatives, our business operations could be adversely affected.

If we are unable to attract or retain a highly skilled and diverse workforce, our business could be negatively affected.

The success of our business depends on our ability to attract, train, develop and retain a highly skilled and diverse workforce. We may not be able to successfully compete for and attract the high-quality and diverse employee talent we want and our future

business needs may require. Changes in immigration laws and policies could also make it more difficult for us to recruit or relocate highly skilled technical, professional and management personnel to meet our business needs. In addition, the unexpected loss of experienced and highly skilled associates due to insecurity resulting from our ongoing productivity initiatives, refranchising transactions and organizational changes could deplete our institutional knowledge base and erode our competitiveness. Any of the foregoing could have a negative impact on our business.

Increase in the cost, disruption of supply or shortage of energy or fuel could affect our profitability.

Our Company-owned or -controlled bottlers operate a large fleet of trucks and other motor vehicles to distribute and deliver beverage products to customers. In addition, we use a significant amount of electricity, natural gas and other energy sources to operate our concentrate, syrup and juice production plants and the bottling plants and distribution facilities operated by our Company-owned or -controlled bottlers. An increase in the price, disruption of supply or shortage of fuel and other energy sources in countries in which we have concentrate plants, or in any of the major markets in which our Company-owned or -controlled bottlers operate, that may be caused by increasing demand or by events such as natural disasters, power outages, or the like could increase our operating costs and negatively impact our profitability.

Our independent bottling partners also operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to their own customers and use a significant amount of electricity, natural gas and other energy sources to operate their own bottling plants and distribution facilities. An increase in the price, disruption of supply or shortage of fuel and other energy sources in any of the major markets in which our independent bottling partners operate could increase the affected independent bottling partners' operating costs and thus indirectly negatively impact our results of operations.

Increase in the cost, disruption of supply or shortage of ingredients, other raw materials, packaging materials, aluminum cans and other containers could harm our business.

We and our bottling partners use various ingredients in our business, including HFCS, sucrose, aspartame, acesulfame potassium, sucralose, saccharin, cyclamate, steviol glycosides, ascorbic acid, citric acid, phosphoric acid, caffeine and caramel color; other raw materials such as orange and other fruit juice and juice concentrates; packaging materials such as PET for bottles; and aluminum cans and other containers. For additional information regarding ingredients, other raw materials, packaging materials and containers we use in our business, refer to the heading "Raw Materials" set forth in Part I, "Item 1. Business" of this report. The prices for these ingredients, other raw materials, packaging materials, aluminum cans and other containers fluctuate depending on market conditions. Substantial increases in the prices of our or our bottling partners' ingredients, other raw materials, packaging materials, aluminum cans and other containers to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase our and our bottling partners' operating costs and reduce our profitability. Increases in the prices of our finished products resulting from a higher cost of ingredients, other raw materials, packaging materials, aluminum cans and other containers could affect affordability in some markets and reduce Coca-Cola system sales. In addition, some of our ingredients, such as aspartame, acesulfame potassium, sucralose, saccharin and ascorbic acid, as well as some packaging containers, such as aluminum cans, are available from a limited number of suppliers, and certain other ingredients are available from only one source each. Furthermore, some of our suppliers are located in countries experiencing political or other risks. We cannot assure you that we and our bottling partners will be able to maintain favorable arrangements and relationships with these suppliers or that our contingency plans will be effective in preventing disruptions that may arise from shortages of any ingredient that is available from a limited number of suppliers or from only one source.

The citrus industry is impacted by the variability of weather conditions and by greening disease, which affect the supply of orange juice and orange juice concentrate, which are important raw materials for our business. In particular, freezing weather or hurricanes in central Florida may result in shortages and higher prices for orange juice and orange juice concentrate throughout the industry. In addition, greening disease is reducing the number of citrus trees and increasing grower costs and prices. Adverse weather conditions may affect the supply of other agricultural commodities from which key ingredients for our products are derived. For example, drought conditions in certain parts of the United States may negatively affect the supply of corn, which in turn may result in shortages of and higher prices for HFCS.

An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, packaging materials, aluminum cans and other containers that may be caused by a deterioration of our or our bottling partners' relationships with suppliers; by supplier quality and reliability issues; or by events such as natural disasters, power outages, labor strikes, political uncertainties or governmental instability, or the like could negatively impact our net operating revenues and profits.

Changes in laws and regulations relating to beverage containers and packaging could increase our costs and reduce demand for our products.

We and our bottlers currently offer nonrefillable recyclable containers in the United States and in various other markets around the world. Legal requirements have been enacted in various jurisdictions in the United States and overseas requiring that

deposits or certain ecotaxes or fees be charged in connection with the sale, marketing and use of certain beverage containers. Other proposals relating to beverage container deposits, recycling, ecotax and/or product stewardship have been introduced in various jurisdictions in the United States and overseas, and we anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and the related publicity could result in the adoption of such legislation or regulations. If these types of requirements are adopted and implemented on a large scale in any of the major markets in which we operate, they could affect our costs or require changes in our distribution model, which could reduce our net operating revenues and profitability.

Significant additional labeling or warning requirements or limitations on the marketing or sale of our products may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products as a result of what they contain or allegations that they cause adverse health effects. If these types of requirements become applicable to one or more of our major products under current or future environmental or health laws or regulations, they may inhibit sales of such products.

For example, under one such law in California, known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction, a warning must be provided for any product sold in the state that exposes consumers to that substance. For additional information regarding Proposition 65, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. If we were required to add Proposition 65 warnings on the labels of one or more of our beverage products produced for sale in California, the resulting consumer reaction to the warnings and possible adverse publicity could negatively affect our sales both in California and in other markets.

Unfavorable general economic conditions in the United States could negatively impact our financial performance.

In 2017, our net operating revenues in the United States were $14.7 billion, or 42 percent, of our total net operating revenues. Unfavorable general economic conditions, such as a recession or economic slowdown, in the United States could negatively affect the affordability of, and consumer demand for, our beverages in our flagship market. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our beverages to lower-priced products offered by other companies, including private label brands. Softer consumer demand for our beverages in the United States could reduce our profitability and could negatively affect our overall financial performance.

Unfavorable economic and political conditions in international markets could hurt our business.

We derive a significant portion of our net operating revenues from sales of our products in international markets. In 2017, our operations outside the United States accounted for $20.7 billion, or 58 percent, of our total net operating revenues. Unfavorable economic conditions and financial uncertainties in our major international markets, including uncertainties surrounding the United Kingdom's impending withdrawal from the European Union, commonly referred to as "Brexit," and unstable political conditions, including civil unrest and governmental changes, in certain of our other international markets could undermine global consumer confidence and reduce consumers' purchasing power, thereby reducing demand for our products. Product boycotts resulting from political activism could reduce demand for our products, while restrictions on our ability to transfer earnings or capital across borders, price controls, limitation on profits, import authorization requirements and other restrictions on business activities which have been or may be imposed or expanded as a result of political and economic instability or otherwise, could impact our profitability. In addition, U.S. trade sanctions against countries designated by the U.S. government as state sponsors of terrorism and/or financial institutions accepting transactions for commerce within such countries could increase significantly, which could make it impossible for us to continue to make sales to bottlers in such countries. The imposition of retaliatory sanctions against U.S. multinational corporations by countries that are or may become subject to U.S. trade sanctions, or the delisting of our branded products by retailers in various countries in reaction to U.S. trade sanctions or other governmental action or policy, could also negatively affect our business.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We are party to various litigation claims and legal proceedings in the ordinary course of business, including, but not limited to, litigation claims and legal proceedings arising out of our advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, and environmental and employment matters. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management

judgment. We caution you that actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. In addition, we have bottling and other business operations in markets with high-risk legal compliance environments. Our policies and procedures require strict compliance by

our associates and agents with all United States and local laws and regulations and consent orders applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, we cannot assure you that our policies, procedures and related training programs will always ensure full compliance by our associates and agents with all applicable legal requirements. Improper conduct by our associates or agents could damage our reputation in the United States and internationally or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

Failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights could harm our business.

Our trademarks, formulae and other intellectual property rights (refer to the heading "Patents, Copyrights, Trade Secrets and Trademarks" in Part I, "Item 1. Business" of this report) are essential to the success of our business. We cannot be certain that the legal steps we are taking around the world are sufficient to protect our intellectual property rights or that, notwithstanding legal protection, others do not or will not infringe or misappropriate our intellectual property rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products may be eroded and our business could suffer. In addition, we could come into conflict with third parties over intellectual property rights, which could result in disruptive and expensive litigation. Any of the foregoing could harm our business.

Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

Climate change may have a long-term adverse impact on our business and results of operations.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products, and could impact the food security of communities around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for the Coca-Cola system's bottling operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

If negative publicity, whether or not warranted, concerning product safety or quality, human and workplace rights, obesity or other issues damages our brand image and corporate reputation, our business may suffer.

Our success depends in large part on our ability to maintain the brand image of our existing products, build up brand image for new products and brand extensions and maintain our corporate reputation. We cannot assure you, however, that our continuing investment in advertising and marketing and our strong commitment to product safety and quality and human rights will have the desired impact on our products' brand image and on consumer preferences. Product safety or quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. In some emerging markets, the production and sale of counterfeit or "spurious" products, which we and our bottling partners may not be able to fully combat, may damage the image and reputation of our products. In addition, from time to time, we and our executives engage in public policy endeavors that are either directly related to our products and packaging or to our business operations and the general economic climate affecting the Company. These engagements in public policy debates can occasionally be the subject of backlash from advocacy groups that have a differing point of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, our sponsorship relationships could subject us to negative publicity as a result of actual or alleged misconduct by individuals or entities associated with organizations we sponsor or support financially or through in-kind contributions. Likewise, campaigns by activists connecting us, or our bottling system or supply chain, with human and workplace rights issues could adversely impact our corporate image and reputation. Furthermore, in June 2011, the United Nations Human Rights Council endorsed the Guiding Principles on Business and Human Rights, which outlines how businesses should implement the corporate responsibility to respect human rights principles included in the United Nations "Protect, Respect and Remedy" framework on human rights. Through our Human Rights Policy, Code of Business Conduct and Supplier Guiding Principles, and our participation in the United Nations Global Compact, as well as our

active participation in the Global Business Initiative on Human Rights, we made a number of commitments to respect all human rights. Allegations, even if untrue, that we are not respecting one or more of the 30 human rights found in the United Nations Universal Declaration of Human Rights; actual or perceived failure by our suppliers or other business partners to comply with applicable labor and workplace rights laws,

including child labor laws, or their actual or perceived abuse or misuse of migrant workers; and adverse publicity surrounding obesity and health concerns related to our products, water usage, environmental impact, labor relations or the like could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers. In addition, if we fail to protect our associates' and our supply chain employees' human rights, or inadvertently discriminate against any group of associates or hiring prospects, our ability to hire and retain the best talent will be diminished, which could have an adverse impact on our overall business.

Changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations could increase our costs or reduce our net operating revenues.

Our Company's business is subject to various laws and regulations in the numerous countries throughout the world in which we do business, including laws and regulations relating to competition, product safety, advertising and labeling, container deposits, recycling and product stewardship, the protection of the environment, and employment and labor practices. For additional information regarding laws and regulations applicable to our business, refer to the heading "Governmental Regulation" set forth in Part I, "Item 1. Business" of this report. Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change, to discourage the use of plastic, including regulations relating to recovery and/or disposal of plastic packaging materials due to environmental concerns, or to limit or impose additional costs on commercial water use due to local water scarcity concerns, may result in increased compliance costs, capital expenditures and other financial obligations for us and our bottling partners, which could affect our profitability, or may impede the production, distribution, marketing and sale of our products, which could affect our net operating revenues. In addition, failure to comply with environmental, health or safety requirements, privacy laws and regulations, U.S. trade sanctions, the U.S. Foreign Corrupt Practices Act and other applicable laws or regulations could result in the assessment of damages, the imposition of penalties, suspension of production or distribution, costly changes to equipment or processes due to required corrective action, or a cessation or interruption of operations at our or our bottling partners' facilities, as well as damage to our or our bottling partners' image and reputation, all of which could harm our or our bottling partners' profitability.

Changes in accounting standards could affect our reported financial results.

New accounting standards or pronouncements that may become applicable to our Company from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported financial results for the affected periods.

If we are not able to achieve our overall long-term growth objectives, the value of an investment in our Company could be negatively affected.

We have established and publicly announced certain long-term growth objectives. These objectives were based on, among other things, our evaluation of our growth prospects, which are generally driven by the sales potential of our many beverage products, some of which are more profitable than others, and on an assessment of the potential price and product mix. There can be no assurance that we will realize the sales potential and the price and product mix necessary to achieve our long-term growth objectives.

If global credit market conditions deteriorate, our financial performance could be adversely affected.

The cost and availability of credit vary by market and are subject to changes in the global or regional economic environment. If conditions in major credit markets deteriorate, our and our bottling partners' ability to obtain debt financing on favorable terms may be negatively affected, which could affect our and our bottling partners' profitability as well as our share of the income of bottling partners in which we have equity method investments. A decrease in availability of consumer credit resulting from unfavorable credit market conditions, as well as general unfavorable economic conditions, may also cause consumers to reduce their discretionary spending, which could reduce the demand for our beverages and negatively affect our and our bottling partners' financial performance.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur significant losses.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, including forward contracts, commodity futures contracts, option contracts, collars and swaps, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of

default or to retrieve our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default by or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

If we are unable to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest, our business could suffer.

Many of our associates at our key manufacturing locations and bottling plants are covered by collective bargaining agreements. While we generally have been able to renegotiate collective bargaining agreements on satisfactory terms when they expire and regard our relations with associates and their representatives as generally satisfactory, negotiations may nevertheless be challenging, as the Company must have competitive cost structures in each market while meeting the compensation and benefits needs of our associates. If we are unable to renew collective bargaining agreements on satisfactory terms, our labor costs could increase, which could affect our profit margins. In addition, many of our bottling partners' employees are represented by labor unions. Strikes, work stoppages or other forms of labor unrest at any of our major manufacturing facilities or at our bottling operations' or our major bottlers' plants could impair our ability to supply concentrates and syrups to our bottling partners or our bottlers' ability to supply finished beverages to customers, which could reduce our net operating revenues and could expose us to customer claims. Furthermore, from time to time we and our bottling partners restructure manufacturing and other operations to improve productivity. Restructuring activities and the announcement of plans for future restructuring activities may result in a general increase in insecurity among some Company associates and some employees in other parts of the Coca-Cola system, which may have negative implications on employee morale, work performance, escalation of grievances and successful negotiation of collective bargaining agreements. If these labor relations are not effectively managed at the local level, they could escalate in the form of corporate campaigns supported by the labor organizations and could negatively affect our Company's overall reputation and brand image, which in turn could have a negative impact on our products' acceptance by consumers.

We may be required to recognize impairment charges that could materially affect our financial results.

We assess our trademarks, bottler franchise rights, goodwill and other intangible assets as well as our other long-lived assets as and when required by accounting principles generally accepted in the United States to determine whether they are impaired and, if they are, we record appropriate impairment charges. Our equity method investees also perform impairment tests, and we record our proportionate share of impairment charges recorded by them adjusted, as appropriate, for the impact of items such as basis differences, deferred taxes and deferred gains. It is possible that we may be required to record significant impairment charges or our proportionate share of significant impairment charges recorded by equity method investees in the future and, if we do so, our operating or equity income could be materially adversely affected.

We may incur multi-employer pension plan withdrawal liabilities in the future, which could negatively impact our financial performance.

We currently participate, and have in the past participated, in certain multi-employer pension plans in the United States. Our U.S. multi-employer pension plan expense totaled $35 million in 2017. The U.S. multi-employer pension plans in which we currently participate have contractual arrangements that extend into 2021. If in the future we choose to withdraw, or are deemed to have withdrawn, from any of the multi-employer pension plans in which we currently participate, or in which we have participated in the past, we would need to record the appropriate withdrawal liabilities, which could negatively impact our financial performance in the applicable periods.

If we do not successfully integrate and manage our Company-owned or -controlled bottling operations or other acquired businesses or brands, our results could suffer.

From time to time we acquire or take control of bottling operations, often in underperforming markets where we believe we can use our resources and expertise to improve performance. In addition, we routinely evaluate opportunities to acquire other businesses or brands to expand our beverage portfolio and capabilities. We may incur unforeseen liabilities and obligations in connection with acquiring, taking control of or managing acquired bottling operations, other businesses or brands and may encounter unexpected difficulties and costs in restructuring and integrating them into our Company's operating and internal control structures. We may also experience delays in extending our Company's internal control over financial reporting to newly acquired or controlled bottling operations or other businesses, which may increase the risk of failure to prevent misstatements in their financial records and in our consolidated financial statements. Our financial performance depends in large part on how well we can manage and improve the performance of Company-owned or -controlled bottling operations and other acquired businesses or brands. We cannot assure you, however, that we will be able to achieve our strategic and financial objectives for such bottling operations or other acquisitions. If we are unable to achieve such objectives, our consolidated results could be negatively affected.

If we do not successfully manage our refranchising activities, our business and results of operations could be adversely affected.

As part of our strategic initiative to refocus on our core business of building brands and leading our system of bottling partners, we have refranchised substantially all of our Company-owned or -controlled bottling operations in the United States and all such bottling operations in China, and are continuing the process of refranchising Company-owned or -controlled bottling

operations in Canada and Africa. Our refranchising activities require significant attention and effort on the part of, and therefore may be a distraction for, senior management. If we are unable to complete future refranchising transactions on our expected timetable and on terms and conditions favorable to us; our refranchising partners are not efficient and aligned with our long-term vision for the Coca-Cola system; or we are unable to maintain good relationships with the refranchised bottling operations, our business and results of operations could be adversely affected.

If we fail to realize a significant portion of the anticipated benefits of our strategic relationship with Monster, our financial performance could be adversely affected.

In June 2015, we and Monster entered into a long-term strategic relationship in the global energy drink category. For information regarding our relationship with Monster and related transactions, refer to Note 2 of Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data" of this report. If we are unable to successfully manage our complex relationship with Monster, or if for any other reason we fail to realize all or a significant part of the benefits we expect from this strategic relationship and the related investment, our financial performance could be adversely affected.

Global or regional catastrophic events could impact our operations and financial results.

Because of our global presence and worldwide operations, our business could be affected by large-scale terrorist acts, cyber-strikes and radiological attacks, especially those directed against the United States or other major industrialized countries; the outbreak or escalation of armed hostilities; major natural disasters; or widespread outbreaks of infectious diseases. Such events could impair our ability to manage our business around the world, could disrupt our supply of raw materials and ingredients, and could impact production, transportation and delivery of concentrates, syrups and finished products. In addition, such events could cause disruption of regional or global economic activity, which could affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our worldwide headquarters is located on a 35-acre office complex in Atlanta, Georgia. The complex includes our 621,000 square foot headquarters building and an 870,000 square foot building in which our North America group's main offices are located. The complex also includes several other buildings, including our 264,000 square foot Coca-Cola Plaza building, technical and engineering facilities and a reception center. We also own an office and retail building at 711 Fifth Avenue in New York, New York. These properties, except for the North America group's main offices, are included in the Corporate operating segment. The North America group's main offices are included in the North America operating segment.

We own or lease additional facilities, real estate and office space throughout the world which we use for administrative, manufacturing, processing, packaging, storage, warehousing, distribution and retail operations. These properties are generally included in the geographic operating segment in which they are located.

The following table summarizes our principal production, distribution and storage facilities by operating segment as of December 31, 2017:

	Principal Concentrate and/or Syrup Plants		Principal Beverage Manufacturing/Bottling Plants		Distribution and Storage Warehouses	
	Owned	Leased	Owned	Leased	Owned	Leased
Europe, Middle East & Africa	6	—	—	—	—	1
Latin America	5	—	—	—	2	6
North America	11	—	9	1	—	43
Asia Pacific	6	—	—	—	1	—
Bottling Investments	—	—	35	3	33	89
Corporate	4	—	—	—	—	10
Total[1]	32	—	44	4	36	149

[1] Does not include 34 owned and 1 leased principal beverage manufacturing/bottling plants and 28 owned and 17 leased distribution and
storage warehouses related to our discontinued operations.

Management believes that our Company's facilities for the production of our products are suitable and adequate, that they are being appropriately utilized in line with past experience, and that they have sufficient production capacity for their present

intended purposes. The extent of utilization of such facilities varies based upon seasonal demand for our products. However, management believes that additional production can be achieved at the existing facilities by adding personnel and capital equipment and, at some facilities, by adding shifts of personnel or expanding the facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire or lease additional facilities and/or dispose of existing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including the proceedings specifically discussed below. Management believes that the total liabilities to the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Aqua-Chem Litigation

On December 20, 2002, the Company filed a lawsuit (*The Coca-Cola Company v. Aqua-Chem, Inc., Civil Action No. 2002CV631-50*) in the Superior Court of Fulton County, Georgia ("Georgia Case"), seeking a declaratory judgment that the Company has no obligation to its former subsidiary, Aqua-Chem, Inc., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"), for any past, present or future liabilities or expenses in connection with any claims or lawsuits against Aqua-Chem. Subsequent to the Company's filing but on the same day, Aqua-Chem filed a lawsuit (*Aqua-Chem, Inc. v. The Coca-Cola Company, Civil Action No. 02CV012179*) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin ("Wisconsin Case"). In the Wisconsin Case, Aqua-Chem sought a declaratory judgment that the Company is responsible for all liabilities and expenses not covered by insurance in connection with certain of Aqua-Chem's general and product liability claims arising from occurrences prior to the Company's sale of Aqua-Chem in 1981, and a judgment for breach of contract in an amount exceeding $9 million for costs incurred by Aqua-Chem to date in connection with such claims. The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem.

The Company owned Aqua-Chem from 1970 to 1981. During that time, the Company purchased over $400 million of insurance coverage, which also insures Aqua-Chem for some of its prior and future costs for certain product liability and other claims. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc., in 1981 under the terms of a stock sale agreement. The 1981 agreement, and a subsequent 1983 settlement agreement, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem. Cleaver-Brooks, a division of Aqua-Chem, manufactured boilers, some of which contained asbestos gaskets. Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and currently has approximately 40,000 active claims pending against it.

The parties agreed in 2004 to stay the Georgia Case pending the outcome of insurance coverage litigation filed by certain Aqua-Chem insurers on March 26, 2004. In the coverage action, five plaintiff insurance companies filed suit (*Century Indemnity Company, et al. v. Aqua-Chem, Inc., The Coca-Cola Company, et al., Case No. 04CV002852*) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin, against the Company, Aqua-Chem and 16 insurance companies. Several of the policies that were the subject of the coverage action had been issued to the Company during the period (1970 to 1981) when the Company owned Aqua-Chem. The complaint sought a determination of the respective rights and obligations under the insurance policies issued with regard to asbestos-related claims against Aqua-Chem. The action also sought a monetary judgment reimbursing any amounts paid by the plaintiffs in excess of their obligations. Two of the insurers, one with a $15 million policy limit and one with a $25 million policy limit, asserted cross-claims against the Company, alleging that the Company and/or its insurers are responsible for Aqua-Chem's asbestos liabilities before any obligation is triggered on the part of the cross-claimant insurers to pay for such costs under their policies.

Aqua-Chem and the Company filed and obtained a partial summary judgment determination in the coverage action that the insurers for Aqua-Chem and the Company were jointly and severally liable for coverage amounts, but reserving judgment on other defenses that might apply. During the course of the Wisconsin insurance coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who paid funds into escrow accounts for payment of costs arising from the asbestos claims against Aqua-Chem. On July 24, 2007, the Wisconsin trial court entered a final declaratory judgment regarding the rights and obligations of the parties under the insurance policies issued by the remaining defendant insurers, which judgment was not appealed. The judgment directs, among other things, that each insurer whose policy is triggered is jointly and severally liable for 100 percent of Aqua-Chem's losses up to policy limits. The court's judgment concluded the Wisconsin insurance coverage litigation.

The Company and Aqua-Chem continued to pursue and obtain coverage agreements for the asbestos-related claims against Aqua-Chem with those insurance companies that did not settle in the Wisconsin insurance coverage litigation. The Company anticipated that a final settlement with three of those insurers ("Chartis insurers") would be finalized

in May 2011, but the Chartis insurers repudiated their settlement commitments and, as a result, Aqua-Chem and the Company filed suit against them

in Wisconsin state court to enforce the coverage-in-place settlement or, in the alternative, to obtain a declaratory judgment validating Aqua-Chem and the Company's interpretation of the court's judgment in the Wisconsin insurance coverage litigation.

In February 2012, the parties filed and argued a number of cross-motions for summary judgment related to the issues of the enforceability of the settlement agreement and the exhaustion of policies underlying those of the Chartis insurers. The court granted defendants' motions for summary judgment that the 2011 Settlement Agreement and 2010 Term Sheet were not binding contracts, but denied their similar motions related to plaintiffs' claims for promissory and/or equitable estoppel. On or about May 15, 2012, the parties entered into a mutually agreeable settlement/ stipulation resolving two major issues: exhaustion of underlying coverage and control of defense. On or about January 10, 2013, the parties reached a settlement of the estoppel claims and all of the remaining coverage issues, with the exception of one disputed issue relating to the scope of the Chartis insurers' defense obligations in two policy years. The trial court granted summary judgment in favor of the Company and Aqua-Chem on that one open issue and entered a final appealable judgment to that effect following the parties' settlement. On January 23, 2013, the Chartis insurers filed a notice of appeal of the trial court's summary judgment ruling. On October 29, 2013, the Wisconsin Court of Appeals affirmed the grant of summary judgment in favor of the Company and Aqua-Chem. On November 27, 2013, the Chartis insurers filed a petition for review in the Supreme Court of Wisconsin, and on December 11, 2013, the Company filed its opposition to that petition. On April 16, 2014, the Supreme Court of Wisconsin denied the Chartis insurers' petition for review.

The Georgia Case remains subject to the stay agreed to in 2004.

U.S. Federal Income Tax Dispute

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the IRS for the tax years 2007 through 2009, after a five-year audit. In the Notice, the IRS claims that the Company's United States taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period, plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in overseas markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement that applied back to 1987. The closing agreement provided prospective penalty protection as long as the Company followed the prescribed methodology and material facts and circumstances and relevant federal tax law have not changed. On February 11, 2016, the IRS notified the Company, without further explanation, that the IRS had determined that material facts and circumstances and relevant federal tax law had changed permitting it to assert penalties. The Company does not agree with this determination. The Company's compliance with the closing agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the 1996 closing agreement. The IRS designated the matter for litigation on October 15, 2015. To the extent the matter remains designated, the Company will be prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and plans to pursue all available administrative and judicial remedies necessary to resolve this matter. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million. A trial date has been set for March 5, 2018.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The Company intends to vigorously defend its position and is confident in its ability to prevail on the merits.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM X. EXECUTIVE OFFICERS OF THE COMPANY

The following are the executive officers of our Company as of February 23, 2018:

Francisco Crespo, 52, is Senior Vice President and Chief Growth Officer of the Company. Mr. Crespo first joined the Company in 1989 in Ecuador where he held a variety of operations roles. In 1992, Mr. Crespo was appointed Marketing Manager for Peru. In June 1995, he became Channel Marketing Manager in Argentina, and then held the role of Operations Manager for Coca-Cola de Argentina S.A. from July 1996 until his secondment to Coca-Cola FEMSA de Buenos Aires S.A. in July 1998, where he served as Commercial Director in Argentina until June 2000. He served as General Manager of Coca-Cola de Chile S.A. from July 2000 to July 2003, and as Vice President of Operations for the Brazil business unit from August 2003 to November 2005. Mr. Crespo served as President of the South Latin business unit, where he managed operations in Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay from December 2005 to December 2012. He was appointed President of the Company's Mexico business unit in January 2013 and served in that capacity until his appointment as Chief Growth Officer and election as Senior Vice President of the Company effective May 1, 2017.

James L. Dinkins, 55, is Senior Vice President of the Company and President, Coca-Cola North America. Mr. Dinkins joined the Company in 1988, serving in various account management, marketing and field sales roles with Coca-Cola USA until July 1999. He rejoined the Company in August 2002 as Managing Director, NCAA Sports, and held positions of increasing responsibility in the Coca-Cola Foodservice and On-Premise business of Coca-Cola North America. From November 2010 to April 2014, he served as President, 7-Eleven Global Customer Team and from April 2014 to August 2014, he served as Senior Vice President, National Retail Sales for select grocery, club and convenience retail customers. From August 2014 to May 2017, he served as Chief Retail Sales Officer for Coca-Cola North America. From May 2017 to December 2017, he served as President of the Minute Maid business unit and Chief Retail Sales Officer for Coca-Cola North America. Mr. Dinkins was appointed President of Coca-Cola North America and elected Senior Vice President of the Company effective January 1, 2018.

Bernhard Goepelt, 55, is Senior Vice President, General Counsel and Chief Legal Counsel of the Company. Mr. Goepelt joined the Company in 1992 as Legal Counsel for the German Division. In 1997, he was appointed Legal Counsel for the Middle and Far East Group and in 1999 was appointed Division Counsel, Southeast and West Asia Division, based in Thailand. In 2003, Mr. Goepelt was appointed Group Counsel for the Central Europe, Eurasia and Middle East Group. In 2005, he assumed the position of General Counsel for Japan and China, and in 2007, Mr. Goepelt was appointed General Counsel, Pacific Group. In April 2010, he moved to Atlanta, Georgia, to become Associate General Counsel, Global Marketing, Commercial Leadership & Strategy. In September 2010, Mr. Goepelt took on the additional responsibility of General Counsel for the Pacific Group. In addition to his functional responsibilities, he also managed the administration of the Legal Division. Mr. Goepelt was elected Senior Vice President, General Counsel and Chief Legal Counsel of the Company in December 2011. Mr. Goepelt's management responsibilities were expanded in January 2016 to include the Company's Strategic Security function.

Ed Hays, *PhD,* 59, is Senior Vice President and Chief Technical Officer of the Company. Dr. Hays joined the Company in 1985 as a scientist in Corporate Research and Development. He served as Director of Product Development in Corporate Research and Development from 1992 to 1995 and as Director, Research and Development for the Middle East and Far East Group from August 1995 to January 1998. He served as Director of Corporate Research and Development from July 1998 to December 1999. He was named Vice President, Global Science, Regulatory and Formula Governance in December 2000 and served in that role until his appointment as Chief Technical Officer of the Company in March 2015. He continued to serve as Vice President until his election as Senior Vice President of the Company in April 2015.

Muhtar Kent, 65, is Chairman of the Board of Directors of the Company. Mr. Kent joined the Company in 1978 and held a variety of marketing and operations roles throughout his career with the Company. In 1985, he was appointed General Manager of Coca-Cola Turkey and Central Asia. From 1989 to 1995, Mr. Kent served as President of the East Central Europe Division and Senior Vice President of Coca-Cola International. Between 1995 and 1998, he served as Managing Director of Coca-Cola Amatil Limited-Europe, covering bottling operations in 12 countries, and from 1999 until 2005, he served as President and Chief Executive Officer of Efes Beverage Group, a diversified beverage company with Coca-Cola and beer operations across Southeast Europe, Turkey and Central Asia. Mr. Kent rejoined the Company in May 2005 as President and Chief Operating Officer, North Asia, Eurasia and Middle East Group, an organization serving a broad and diverse region that included China, Japan and Russia. He was appointed President, Coca-Cola International in January 2006 and was elected Executive Vice President of the Company in February 2006. He was elected President and Chief Operating Officer of the Company in December 2006 and was elected to the Board of Directors in April 2008. Mr. Kent was elected Chief Executive Officer of the Company in July 2008, and was elected Chairman of the Board of Directors of the Company in April 2009. He served as President of the Company until August 2015 and as Chief Executive Officer of the Company through April 30, 2017.

Robert Long, 60, is Senior Vice President and Chief Innovation Officer of the Company. Mr. Long joined the Company in April 2004 as Vice President, Global Packaging Platforms. In October 2007, he moved to Japan to lead research and development for Japan, a position he held until coming to Coca-Cola North America in August 2010 to lead research and development. In October 2012, he also assumed North America responsibility for Technical Governance (Quality, Environment, Safety and Scientific & Regulatory Affairs). Mr. Long served as Vice President, Research and Development, of the Company from December 2016 until his appointment as Chief Innovation Officer and election as Senior Vice President of the Company effective May 1, 2017.

Jennifer K. Mann, 45, is Senior Vice President and Chief People Officer of the Company. Ms. Mann joined the Company in 1997 as Manager in the National Customer Support division of Coca-Cola North America. She served as Vice President and General Manager of Coca-Cola Freestyle from June 2012 until October 2015, when she was appointed Chief of Staff for James Quincey, then President and Chief Operating Officer of the Company. She was appointed Chief People Officer and elected Senior Vice President of the Company effective May 1, 2017. Ms. Mann continues to serve as Chief of Staff for James Quincey, President and Chief Executive Officer of the Company.

John Murphy, 56, is President of the Asia Pacific Group. Mr. Murphy joined the Company in 1988 as an International Internal Auditor. In 1991, he moved to Coca-Cola Japan and served as Executive Assistant to the Chief Financial Officer. Mr. Murphy served in various finance, planning and operations roles with expanded responsibilities at Coca-Cola Japan and subsequently worked for F&N Coca-Cola Ltd., the Coca-Cola bottling partner in Singapore. He rejoined the Company in 1996 as Region Manager in Indonesia. From March 2000 to November 2000, Mr. Murphy served as Vice President of Business Systems in Coca-Cola North America, and from December 2000 to May 2003, he served as Executive Vice President and Chief Financial Officer of Coca-Cola Japan. From June 2003 to May 2005, he served as Deputy President of Coca-Cola Japan and in June 2005, he was appointed Vice President of Strategic Planning of the Company, a position he held until he became President of the Latin Center business unit in October 2008. Mr. Murphy was appointed President of the South Latin business unit in January 2013 and served in that role until his appointment to his current position in August 2016.

Beatriz Perez, 48, is Senior Vice President and Chief Public Affairs, Communications and Sustainability Officer of the Company. Ms. Perez joined the Company in 1996 and has served in various roles of increasing responsibility in brand and marketing management, field operations, sustainability, public affairs and communications. From April 2010 to June 2011, she served as Chief Marketing Officer for Coca-Cola North America. She served as the Company's first Chief Sustainability Officer from July 2011 to April 2017, and as Vice President, Global Partnerships and Licensing, Retail and Attractions from July 2016 to April 2017. Ms. Perez was appointed Chief Public Affairs, Communications and Sustainability Officer of the Company effective May 1, 2017. She was elected Vice President of the Company in July 2011 and served in that capacity until her election as Senior Vice President of the Company effective May 1, 2017.

James Quincey, 53, is President, Chief Executive Officer and a Director of the Company. Mr. Quincey joined the Company in 1996 as Director, Learning Strategy for the Latin America Group. He went on to serve in a series of operational roles of increasing responsibility in Latin America, leading to his appointment as President of the South Latin Division in December 2003, a position in which he served until his appointment as President of the Mexico Division in December 2005. In October 2008, he was named President of the Northwest Europe and Nordics business unit and served in that role until he was appointed President of the Europe Group in January 2013. He was elected President and Chief Operating Officer of the Company in August 2015 and as President and Chief Executive Officer of the Company effective May 1, 2017. Mr. Quincey was elected to the Board of Directors of the Company in April 2017.

Alfredo Rivera, 56, is President of the Latin America Group. Mr. Rivera joined the Company in 1997 as a District Manager for Guatemala and El Salvador. In 1999, he was appointed Southeast Region Manager in the Brazil Division, serving in this role until December 2003. From January 2004 to August 2006, he served as General Manager for the Ecuador business. From September 2006 to December 2012, Mr. Rivera served as Sparkling Beverages General Manager for the Mexico business unit. In January 2013, he was appointed President of the Latin Center business unit and served in that role until his appointment to his current position in August 2016.

Barry Simpson, 57, is Senior Vice President and Chief Information Officer of the Company. In 2008, Mr. Simpson joined the Coca-Cola system, where he served as Chief Information Officer of the Coca-Cola Amatil Group, a Coca-Cola bottler based in Sydney, Australia, until December 2015. He joined the Company in January 2016 as the head of Global Business Unit Information Technology Services. Mr. Simpson was appointed Chief Information Officer in October 2016 and was elected Senior Vice President of the Company in December 2016.

Brian Smith, 62, is President of the Europe, Middle East and Africa Group. Mr. Smith joined the Company in 1997 as Latin America Group Manager for Mergers and Acquisitions, a role he held until July 2001. From 2001 to 2002, he worked as Executive Assistant to Brian Dyson, then Chief Operating Officer and Vice Chairman of the Company. Mr. Smith served as President of the Brazil Division from 2002 to 2008 and President of the Mexico business unit from 2008 through December 2012. Mr. Smith was appointed President of the Latin America Group in January 2013 and served in that role until his appointment to his current position in August 2016.

Kathy N. Waller, 59, is Executive Vice President, Chief Financial Officer and President, Enabling Services of the Company. Ms. Waller joined the Company in 1987 as a senior accountant in the Accounting Research Department and has served in a number of accounting and finance roles of increasing responsibility. From July 2004 to August 2009, Ms. Waller served as Chief of Internal Audit. In December 2005, she was elected Vice President of the Company, and in August 2009, she was elected Controller. In August 2013, she became Vice President, Finance and Controller, assuming additional responsibilities for corporate treasury, corporate tax and finance capabilities, and served in that position until April 2014, when she was appointed Chief Financial Officer and elected Executive Vice President. Ms. Waller assumed expanded responsibility for the Company's strategic governance areas as President, Enabling Services, on May 1, 2017.

All executive officers serve at the pleasure of the Board of Directors. There is no family relationship between any of the Directors or executive officers of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal United States market in which the Company's common stock is listed and traded is the New York Stock Exchange.

The following table sets forth, for the quarterly reporting periods indicated, the high and low market prices per share for the Company's common stock, as reported on the New York Stock Exchange composite tape, and dividend per share information:

	Common Stock Market Prices		
	High	Low	Dividends Declared
2017			
Fourth quarter	**$ 47.48**	**$ 44.75**	**$ 0.37**
Third quarter	**46.98**	**44.15**	**0.37**
Second quarter	**46.06**	**42.27**	**0.37**
First quarter	**42.70**	**40.22**	**0.37**
2016			
Fourth quarter	$ 43.03	$ 39.88	$ 0.35
Third quarter	45.94	41.85	0.35
Second quarter	47.13	42.87	0.35
First quarter	46.88	40.75	0.35

While we have historically paid dividends to holders of our common stock on a quarterly basis, the declaration and payment of future dividends will depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and are at the discretion of our Board of Directors.

As of February 16, 2018, there were 212,331 shareowner accounts of record. This figure does not include a substantially greater number of "street name" holders or beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The information under the heading "EQUITY COMPENSATION PLAN INFORMATION" in the Company's definitive Proxy Statement for the Annual Meeting of Shareowners to be held on April 25, 2018 ("Company's 2018 Proxy Statement"), to be filed with the Securities and Exchange Commission, is incorporated herein by reference.

During the fiscal year ended December 31, 2017, no equity securities of the Company were sold by the Company that were not registered under the Securities Act of 1933, as amended.

The following table presents information with respect to purchases of common stock of the Company made during the three months ended December 31, 2017, by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan[2]	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plan
September 30, 2017 through October 27, 2017	5,256,426	$ 46.00	5,255,817	78,256,636
October 28, 2017 through November 24, 2017	1,660,944	45.84	1,660,597	76,596,039
November 25, 2017 through December 31, 2017	5,878,681	45.84	5,845,920	70,750,119
Total	12,796,051	$ 45.91	12,762,334	

[1] The total number of shares purchased includes: (i) shares purchased pursuant to the 2012 Plan described in footnote 2 below, and (ii) shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees, totaling 609 shares, 347 shares and 32,761 shares for the fiscal months of October, November and December 2017, respectively.

[2] On October 18, 2012, the Company publicly announced that our Board of Directors had authorized a plan ("2012 Plan") for the Company to purchase up to 500 million shares of our Company's common stock. This column discloses the number of shares purchased pursuant to the 2012 Plan during the indicated time periods (including shares purchased pursuant to the terms of preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act).

Performance Graph

Comparison of Five-Year Cumulative Total Return Among
The Coca-Cola Company, the Peer Group Index and the S&P 500 Index

Total Return
Stock Price Plus Reinvested Dividends

chart-649299e2b2e459efba3.jpg

December 31,	2012	2013	2014	2015	2016	**2017**
The Coca-Cola Company	$ 100	$ 117	$ 123	$ 130	$ 129	**$ 148**
Peer Group Index	100	126	143	163	180	**200**
S&P 500 Index	100	132	151	153	171	**208**

The total return assumes that dividends were reinvested daily and is based on a $100 investment on December 31, 2012.

The Peer Group Index is a self-constructed peer group of companies that are included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index, from which the Company has been excluded.

The Peer Group Index consists of the following companies: Altria Group, Inc., Archer-Daniels-Midland Company, B&G Foods, Inc., Brown-Forman Corporation, Bunge Limited, Campbell Soup Company, Conagra Brands, Inc., Constellation Brands, Inc., Darling Ingredients Inc., Dean Foods Company, Dr Pepper Snapple Group, Inc., Flowers Foods, Inc., General Mills, Inc., The Hain Celestial Group, Inc., Herbalife Ltd., The Hershey Company, Hormel Foods Corporation, Ingredion, Incorporated, The J.M. Smucker Company, Kellogg Company, The Kraft Heinz Company, Lamb Weston Holdings, Inc., Lancaster Colony Corporation, Leucadia National Corporation, McCormick & Company, Incorporated., Molson Coors Brewing Company, Mondelēz International, Inc., Monster Beverage Corporation, PepsiCo, Inc., Philip Morris International Inc., Pinnacle Foods Inc., Post Holdings, Inc., Snyder's-Lance, Inc., TreeHouse Foods, Inc., Tyson Foods, Inc., and US Foods Holding Corp.

Companies included in the Dow Jones Food & Beverage Index and the Dow Jones Tobacco Index change periodically. In 2017, the indices included US Foods Holding Corp., which was not included in the indices in 2016. Additionally, the indices do not include Mead Johnson Nutrition Company, Reynolds American Inc. and The WhiteWave Foods Company, which were included in the indices in 2016.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report.

Year Ended December 31,	**2017**	2016	2015	2014	2013
(In millions except per share data)					
SUMMARY OF OPERATIONS					
Net operating revenues	**$ 35,410**	$ 41,863	$ 44,294	$ 45,998	$ 46,854
Net income from continuing operations	**1,182**	6,550	7,366	7,124	8,626
Net income attributable to shareowners of The Coca-Cola Company	**1,248**	6,527	7,351	7,098	8,584
PER SHARE DATA					
Basic net income from continuing operations	**$ 0.28**	$ 1.51	$ 1.69	$ 1.62	$ 1.94
Basic net income	**0.29**	1.51	1.69	1.62	1.94
Diluted net income from continuing operations	**0.27**	1.49	1.67	1.60	1.90
Diluted net income	**0.29**	1.49	1.67	1.60	1.90
Cash dividends	**1.48**	1.40	1.32	1.22	1.12
BALANCE SHEET DATA					
Total assets	**$ 87,896**	$ 87,270	$ 89,996	$ 91,968	$ 90,002
Long-term debt	**31,182**	29,684	28,311	19,010	19,101

The Company's results are impacted by acquisitions and divestitures. Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

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

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand The Coca-Cola Company, our operations and our present business environment. MD&A is provided as a supplement to — and should be read in conjunction with — our consolidated financial statements and the accompanying notes thereto contained in "Item 8. Financial Statements and Supplementary Data" of this report. This overview summarizes the MD&A, which includes the following sections:

- *Our Business* — a general description of our business and the nonalcoholic beverage segment of the commercial beverage industry; our objective; our strategic priorities; our core capabilities; and challenges and risks of our business.

- *Critical Accounting Policies and Estimates* — a discussion of accounting policies that require critical judgments and estimates.

- *Operations Review* — an analysis of our Company's consolidated results of operations for the three years presented in our consolidated financial statements. Except to the extent that differences among our operating segments are material to an understanding of our business as a whole, we present the discussion on a consolidated basis.

- *Liquidity, Capital Resources and Financial Position* — an analysis of cash flows; off-balance sheet arrangements and aggregate contractual obligations; foreign exchange; the impact of inflation and changing prices; and an overview of financial position.

Our Business

General

The Coca-Cola Company is the world's largest beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries.

We make our branded beverage products available to consumers throughout the world through our network of Company-owned or -controlled bottling and distribution operations, bottling partners, distributors, wholesalers and retailers — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for more than 1.9 billion of the approximately 60 billion servings of all beverages consumed worldwide every day.

We believe our success depends on our ability to connect with consumers by providing them with a wide variety of beverage choices to meet their desires, needs and lifestyle choices. Our success further depends on the ability of our people to execute effectively, every day.

Our objective is to use our Company's assets — our brands, financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of our management and associates — to become more competitive and to accelerate growth in a manner that creates value for our shareowners.

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our concentrate operations, we typically generate net operating revenues by selling concentrates and syrups to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine the concentrates with sweeteners (depending on the product), still water and/or sparkling water, or combine the syrups with sparkling water to produce finished beverages. The finished beverages are packaged in authorized containers — such as cans and refillable and nonrefillable glass and plastic bottles — bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. Outside the United States, we also sell concentrates for fountain beverages to our bottling partners who are typically authorized to manufacture fountain syrups, which they sell to fountain retailers such as restaurants and convenience stores which use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers.

Our finished product operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations, including CCR's bottling and associated supply chain operations in the United States and Canada, and are included in our Bottling Investments operating segment. Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other nonalcoholic beverages, such as water and sports drinks; juice, dairy and plant–based beverages; tea and coffee; and energy drinks, to retailers or to distributors, wholesalers and bottling partners who distribute them to retailers. In addition, in the United States, we manufacture fountain syrups and sell them to fountain retailers such as restaurants and convenience stores who use the fountain syrups to produce beverages for immediate consumption or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment. We authorize these wholesalers to resell our fountain syrups through nonexclusive appointments that neither restrict us in setting the prices at which we sell fountain syrups to the wholesalers nor restrict the territories in which the wholesalers may resell in the United States.

The following table sets forth the percentage of total net operating revenues related to concentrate operations and finished product operations:

Year Ended December 31,	**2017**	2016	2015
Concentrate operations[1]	**51 %**	40 %	37 %
Finished product operations[2]	**49**	60	63
Total	**100 %**	100 %	100 %

[1] Includes concentrates sold by the Company to authorized bottling partners for the manufacture of fountain syrups. The bottlers then typically sell the fountain syrups to wholesalers or directly to fountain retailers.

[2] Includes fountain syrups manufactured by the Company, including consolidated bottling operations, and sold to fountain retailers or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers.

The following table sets forth the percentage of total worldwide unit case volume related to concentrate operations and finished product operations:

Year Ended December 31,	**2017**	2016	2015
Concentrate operations[1]	**78 %**	76 %	73 %
Finished product operations[2]	**22**	24	27
Total	**100 %**	100 %	100 %

[1] Includes unit case volume related to concentrates sold by the Company to authorized bottling partners for the manufacture of fountain syrups. The bottlers then typically sell the fountain syrups to wholesalers or directly to fountain retailers.

[2] Includes unit case volume related to fountain syrups manufactured by the Company, including consolidated bottling operations, and sold to fountain retailers or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers.

The Nonalcoholic Beverage Segment of the Commercial Beverage Industry

We operate in the highly competitive nonalcoholic beverage segment of the commercial beverage industry. We face strong competition from numerous other general and specialty beverage companies. We, along with other beverage companies, are affected by a number of factors, including, but not limited to, cost to manufacture and distribute products, consumer spending, economic conditions, availability and quality of water, consumer preferences, inflation, political climate, local and national laws and regulations, foreign currency fluctuations, fuel prices and weather patterns.

Our Objective

Our objective is to use our formidable assets — our brands, financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of our management and associates — to achieve long-term sustainable growth. Our vision for sustainable growth includes the following:

- People: Being a great place to work where people are inspired to be the best they can be.
- Portfolio: Bringing to the world a portfolio of beverage brands that anticipates and satisfies people's desires and needs.
- Partners: Nurturing a winning network of partners and building mutual loyalty.
- Planet: Being a responsible global citizen that makes a difference.
- Profit: Maximizing return to shareowners while being mindful of our overall responsibilities.
- Productivity: Managing our people, time and money for greatest effectiveness.

Strategic Priorities

We have five strategic priorities designed to help us achieve our objective. These strategic priorities are accelerating growth of a consumer-centric brand portfolio; driving our revenue growth algorithm; strengthening the Coca-Cola system; digitizing the enterprise; and unlocking the power of our people. In order to execute on these strategic priorities, we must further enhance our core capabilities of consumer marketing, commercial leadership and franchise leadership.

Core Capabilities

Consumer Marketing

Marketing investments are designed to enhance consumer awareness of, and increase consumer preference for, our brands. Successful marketing investments produce long-term growth in unit case volume, per capita consumption and our share of worldwide nonalcoholic beverage sales. Through our relationships with our bottling partners and those who sell our products in

the marketplace, we create and implement integrated marketing programs, both globally and locally, that are designed to heighten consumer awareness of and product appeal for our brands. In developing a strategy for a Company brand, we conduct product and packaging research, establish brand positioning, develop precise consumer communications and solicit consumer feedback. Our integrated marketing activities include, but are not limited to, advertising, point-of-sale merchandising and sales promotions.

We are focusing on marketing strategies to drive volume growth in emerging markets, increase our brand value in developing markets and grow net revenues and profit in our developed markets. In emerging markets, we are investing in infrastructure programs that drive volume through increased access to consumers. In developing markets, where consumer access has largely been established, our focus is on differentiating our brands. In our developed markets, we continue to invest in brands and infrastructure programs but generally at a slower rate than gross profit growth.

Commercial Leadership

The Coca-Cola system has millions of customers around the world who sell or serve our products directly to consumers. We focus on enhancing value for our customers and providing solutions to grow their beverage businesses. Our approach includes understanding each customer's business and needs — whether that customer is a sophisticated retailer in a developed market or a kiosk owner in an emerging market. We focus on ensuring that our customers have the right product and package offerings and the right promotional tools to deliver enhanced value to themselves and the Company. We are constantly looking to build new beverage consumption occasions in our customers' outlets through unique and innovative consumer experiences, product availability and delivery systems, and beverage merchandising and displays. We participate in joint brand-building initiatives with our customers in order to drive consumer preference for our brands. Through our commercial leadership initiatives, we embed ourselves further into our retail customers' businesses while developing strategies for better execution at the point of sale.

Franchise Leadership

We must continue to improve our franchise leadership capabilities to give our Company and our bottling partners the ability to grow together through shared values, aligned incentives and a sense of urgency and flexibility that supports consumers' always changing needs and tastes. The financial health and success of our bottling partners are critical components of the Company's success. We work with our bottling partners to identify processes that enable us to quickly achieve scale and efficiencies, and we share best practices throughout the bottling system. With our bottling partners, we work to produce differentiated beverages and packages that are appropriate for the right channels and consumers. We also design business models in specific markets to ensure that we appropriately share the value created by our beverages with our bottling partners. We must also continue to build a supply chain network that leverages the size and scale of the Coca-Cola system to gain a competitive advantage.

Challenges and Risks

Being global provides unique opportunities for our Company. Challenges and risks accompany those opportunities. Our management has identified certain challenges and risks that demand the attention of the nonalcoholic beverage segment of the commercial beverage industry and our Company. Of these, six key challenges and risks are discussed below.

Obesity

The rates of obesity affecting communities, cultures and countries worldwide continue to be too high. There is growing concern among consumers, public health professionals and government agencies about the health problems associated with obesity. This concern represents a significant challenge to our industry. We understand and recognize that obesity is a complex public health challenge and are committed to being a part of the solution.

We recognize the uniqueness of consumers' lifestyles and dietary choices. Commercially, we continue to:

- offer reduced-, low- or no-calorie beverage options;
- provide transparent nutrition information, featuring calories on the front of most of our packages;
- provide our beverages in a range of packaging sizes; and
- market responsibly, including no advertising targeted to children under 12.

The heritage of our Company is to lead, and innovation is critical for leadership. As such, we are resolute in continuing to innovate and are committed to partnering to find winning solutions in the area of noncaloric sweeteners. This includes working to reduce sugar and calories in many of our beverages. We want to be a more

helpful and credible partner in the fight against obesity. Across the Coca-Cola system, we are mobilizing our assets in marketing and in community outreach to increase awareness and spur action.

Water Quality and Quantity

Water quality and quantity is an issue that requires our Company's sustained attention and collaboration with other companies, suppliers, governments, nongovernmental organizations and communities where we operate. Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve. Water is a limited natural resource facing unprecedented challenges from overexploitation, increased food demand, increasing pollution, poor management and the effects of climate change.

Our Company regularly assesses the specific water-related risks that we and many of our bottling partners face and has implemented a formal water risk management program. Mitigation of water risk forms the basis of our water stewardship strategic framework. This strategy is executed at the local level where we operate and includes the following elements: water use efficiency and wastewater treatment in manufacturing operations; shared watershed protection efforts; engaging local communities; and addressing water resource management in our agricultural ingredient supply chain. Such efforts are conducted in collaboration and partnership with others and are intended to help address local needs. Many of these efforts help us in achieving our goal of replenishing the water that we and our bottling partners source and use in our finished products. We are also collaborating with other companies, governments, nongovernmental organizations and communities to advocate for needed water policy reforms and action to protect water availability and quality around the world.

Through these integrated programs, we believe that our Company can leverage the water-related knowledge we have developed in the communities we serve — through source water availability assessments and planning, water resource management, water treatment, wastewater treatment systems and models for working with communities and partners in addressing water and sanitation needs. As demand for water continues to increase around the world, we expect continued action on our part to help with the successful long-term stewardship of this critical natural resource, both for our business and the communities we serve.

Evolving Consumer Preferences

We are impacted by shifting consumer demographics and needs, on-the-go lifestyles, aging populations and consumers who are empowered with more information than ever. As a consequence of these changes, consumers want more choices. We are committed to meeting their needs and to generating new growth through our portfolio of more than 500 brands and more than 4,100 beverage products, including nearly 1,300 low- and no-calorie products, new product offerings, innovative packaging and ingredient education efforts. We are also committed to continuing to expand the variety of choices we provide to consumers to meet their ever-changing needs, desires and lifestyles.

Increased Competition and Capabilities in the Marketplace

Our Company is facing strong competition from some well-established global companies and numerous regional and local companies. We must continuously strengthen our capabilities in marketing and innovation in order to maintain our brand loyalty and market share while we selectively expand into other profitable categories of the nonalcoholic beverage segment of the commercial beverage industry.

Product Safety and Quality

As the world's largest beverage company, we strive to meet the highest standards in both product safety and product quality. We are aware that some consumers have concerns and negative viewpoints regarding certain ingredients used in our products. The Coca-Cola system works every day to share safe and refreshing beverages with the world. We have rigorous product and ingredient safety and quality standards designed to ensure safety and quality in each of our products, and we drive innovation that provides new beverage options to meet consumers' evolving needs and preferences. Across the Coca-Cola system, we take great care in an effort to ensure that every one of our beverages meets the highest standards for safety and quality.

We work to ensure consistent safety and quality through strong governance and compliance with applicable regulations and standards. We stay current with new regulations, industry best practices and marketplace conditions and engage with standard-setting and industry organizations. Additionally, we manufacture and distribute our products according to strict policies, requirements and specifications set forth in an integrated quality management program that continually measures all operations within the Coca-Cola system against the same stringent standards. Our quality management system also identifies and mitigates risks and drives improvement. In our quality laboratories, we stringently measure the quality attributes of ingredients as well as samples of finished products collected from the marketplace.

We perform due diligence to ensure that product and ingredient safety and quality standards are maintained in the more than 200 countries where our products are sold. We regularly assess the relevance of our requirements and standards and continually work to improve and refine them across our entire supply chain.

Food Security

Increased demand for commodities and decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus, coffee and tea, which are important sources of ingredients for our products and could impact the food security of communities around the world. We are dedicated to implementing our sustainable sourcing commitment, which is founded on principles that protect the environment, uphold workplace rights and help build more sustainable communities. To support this commitment, our programs focus on economic opportunity, with an emphasis on female farmers, and environmental sustainability designed to help address these agricultural challenges. Through joint efforts with farmers, communities, bottlers, suppliers and key partners, as well as our increased and continued investment in sustainable agriculture, we can together help make a positive strategic impact on food security.

All of these challenges and risks — obesity; water quality and quantity; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality; and food security — have the potential to have a material adverse effect on the nonalcoholic beverage segment of the commercial beverage industry and on our Company; however, we believe our Company is well positioned to appropriately address these challenges and risks.

See also "Item 1A. Risk Factors" in Part I of this report for additional information about risks and uncertainties facing our Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We believe our most critical accounting policies and estimates relate to the following:

- Principles of Consolidation
- Recoverability of Current and Noncurrent Assets
- Pension Plan Valuations
- Revenue Recognition
- Income Taxes

Management has discussed the development, selection and disclosure of critical accounting policies and estimates with the Audit Committee of the Company's Board of Directors. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. For a discussion of the Company's significant accounting policies, refer to Note 1 of Notes to Consolidated Financial Statements.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 11 of Notes to Consolidated Financial Statements. Although these financial arrangements resulted in our holding variable interests in these entities, they did

not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $4,523 million and $3,709 million as of December 31, 2017 and 2016, respectively, representing our maximum exposures to loss. The Company's investments,

plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's investments, plus any loans and guarantees, related to these VIEs totaled $1 million and $203 million as of December 31, 2017 and 2016, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Recoverability of Current and Noncurrent Assets

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate, particularly in developing and emerging markets. Refer to the heading "Our Business — Challenges and Risks" above and "Item 1A. Risk Factors" in Part I of this report. As a result, management must make numerous assumptions which involve a significant amount of judgment when completing recoverability and impairment tests of current and noncurrent assets in various regions around the world.

We perform recoverability and impairment tests of current and noncurrent assets in accordance with U.S. GAAP. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

Our equity method investees also perform such recoverability and/or impairment tests. If an impairment charge is recorded by one of our equity method investees, the Company records its proportionate share of such charge as a reduction of equity income (loss) — net in our consolidated statement of income. However, the actual amount we record with respect to our proportionate share of such charges may be impacted by items such as basis differences, deferred taxes and deferred gains.

Management's assessments of the recoverability and impairment tests of noncurrent assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic life of the asset, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. These factors are even more difficult to predict when global financial markets are highly volatile. The estimates we use when assessing the recoverability of current and noncurrent assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management's best assumptions, which we believe would be consistent with what a hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions occur in future periods, future impairment charges could result. Refer to the heading "Operations Review" below for additional information related to our present business environment. Certain factors discussed above are impacted by our current business environment and are discussed throughout this report, as appropriate.

Investments in Equity and Debt Securities

The carrying values of our investments in equity securities are determined using the equity method, the cost method or the fair value method. We account for investments in companies that we do not control or account for under the

equity method either at fair value or under the cost method, as applicable. Investments in equity securities, other than investments accounted for under the equity method, are carried at fair value if the fair value of the security is readily determinable. Equity investments carried at

fair value are classified as either trading or available-for-sale securities. Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading securities and realized gains and losses on available-for-sale securities are included in net income. Unrealized gains and losses, net of deferred taxes, on available-for-sale securities are included in our consolidated balance sheets as a component of accumulated other comprehensive income (loss) ("AOCI"), except for the change in fair value attributable to the currency risk being hedged, if applicable, which is included in net income. Trading securities are reported as either marketable securities or other assets in our consolidated balance sheets. Securities classified as available-for-sale are reported as either cash and cash equivalents, marketable securities, other investments or other assets in our consolidated balance sheets. Investments in equity securities that do not qualify for fair value accounting or equity method accounting are accounted for under the cost method. In accordance with the cost method, our initial investment is recorded at cost and we record dividend income when applicable dividends are declared. Cost method investments are reported as other investments in our consolidated balance sheets.

The following table presents the carrying values of our investments in equity and debt securities (in millions):

December 31, 2017		Carrying Value	Percentage of Total Assets
Equity method investments	$	20,856	24 %
Securities classified as available-for-sale		7,807	9
Securities classified as trading		407	*
Cost method investments		143	*
Total	$	29,213	33 %

* Accounts for less than 1 percent of the Company's total assets.

Investments classified as trading securities are not assessed for impairment, since they are carried at fair value with the change in fair value included in net income. We review our investments in equity and debt securities that are accounted for using the equity method or cost method or that are classified as available-for-sale or held-to-maturity each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis has exceeded the fair value. The fair values of most of our Company's investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe hypothetical marketplace participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies. The ability to accurately predict future cash flows, especially in emerging and developing markets, may impact the determination of fair value.

In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. During 2017, we recognized an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The Company will adopt Accounting Standards Update ("ASU") 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, on January 1, 2018. Adoption of this standard will require us to revise our policy to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. Refer to Note 1 of Notes to Consolidated Financial Statements.

The following table presents the difference between calculated fair values, based on quoted closing prices of publicly traded shares, and our Company's cost basis in investments in publicly traded companies accounted for under the equity method (in millions):

December 31, 2017		Fair Value		Carrying Value		**Difference**
Monster Beverage Corporation	$	6,463	$	3,382	**$**	**3,081**
Coca-Cola FEMSA, S.A.B. de C.V.		4,065		1,865		**2,200**
Coca-Cola European Partners plc[1]		3,505		3,701		**(196)**
Coca-Cola HBC AG		2,754		1,315		**1,439**
Coca-Cola Amatil Limited		1,449		721		**728**
Coca-Cola Bottlers Japan Inc.		1,251		1,151		**100**
Embotelladora Andina S.A.		647		293		**354**
Coca-Cola Bottling Co. Consolidated		534		116		**418**
Coca-Cola İçecek A.Ş.		449		221		**228**
Corporación Lindley S.A.		283		131		**152**
Total	$	21,400	$	12,896	**$**	**8,504**

[1] The carrying value of our investment in Coca-Cola European Partners plc ("CCEP") exceeded its fair value as of December 31, 2017. Based on the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge.

Other Assets

Our Company invests in infrastructure programs with our bottlers that are directed at strengthening our bottling system and increasing unit case volume. Additionally, our Company advances payments to certain customers for distribution rights as well as to fund future marketing activities intended to generate profitable volume and expenses such payments over the periods benefited. Payments under these programs are generally capitalized and reported in the line item prepaid expenses and other assets or other assets, as appropriate, in our consolidated balance sheets. When facts and circumstances indicate that the carrying value of these assets or asset groups may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

During 2017, the Company recorded an impairment charge of $19 million related to CCR's other assets as a result of current year refranchising activities in North America and management's estimate of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising. This charge was recorded in our Bottling Investments operating segment in the line item other operating charges in our consolidated statement of income and was determined by comparing the fair value of the asset to its carrying value.

Property, Plant and Equipment

As of December 31, 2017, the carrying value of our property, plant and equipment, net of depreciation, was $8,203 million, or 9 percent of our total assets. Certain events or changes in circumstances may indicate that the recoverability of the carrying amount or remaining useful life of property, plant and equipment should be assessed, including, among others, the manner or length of time in which the Company intends to use the asset, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment review is performed, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

During 2017, the Company recorded impairment charges of $310 million related to CCR's property, plant and equipment as a result of current year refranchising activities in North America and management's estimate of the proceeds (a Level 3 measurement) that were expected to be received for the remaining bottling territories upon their refranchising. These charges were recorded in our Bottling Investments operating segment in the line item other operating charges in our consolidated statement of income and were determined by comparing the fair value of the assets to their carrying value. Refer to Note 16 of Notes to Consolidated Financial Statements.

Goodwill, Trademarks and Other Intangible Assets

Intangible assets are classified into one of three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. For intangible assets with definite lives, tests for impairment must be performed if conditions exist that indicate the carrying value may not be recoverable. For intangible assets with indefinite lives and goodwill, tests for impairment must be performed at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The following table presents the carrying values of intangible assets included in our consolidated balance sheet (in millions):

December 31, 2017		Carrying Value	Percentage of Total Assets
Goodwill	$	9,401	11 %
Trademarks with indefinite lives		6,729	8
Bottlers' franchise rights with indefinite lives		138	*
Definite-lived intangible assets, net		262	*
Other intangible assets not subject to amortization		106	*
Total	$	16,636	19 %

* Accounts for less than 1 percent of the Company's total assets.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset or asset group, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment reviews as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

Intangible assets acquired in recent transactions are naturally more susceptible to impairment, primarily due to the fact that they are recorded at fair value based on recent operating plans and macroeconomic conditions present at the time of acquisition. Consequently, if operating results and/or macroeconomic conditions deteriorate shortly after an acquisition, it could result in the impairment of the acquired assets. A deterioration of macroeconomic conditions may not only negatively impact the estimated operating cash flows used in our cash flow models but may also negatively impact other assumptions used in our analyses, including, but not limited to, the estimated cost of capital and/or discount rates. Additionally, as discussed above, in accordance with U.S. GAAP, we are required to ensure that assumptions used to determine fair value in our analyses are consistent with the assumptions a hypothetical marketplace participant would use. As a result, the cost of capital and/or discount rates used in our analyses may increase or decrease based on market conditions and trends, regardless of whether our Company's actual cost of

capital has changed. Therefore, if the cost of capital and/or discount rates change, our Company may recognize an impairment of an intangible asset in spite of realizing actual cash flows that are approximately equal to, or greater than, our previously forecasted amounts.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value,
including goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a hypothetical marketplace participant would use.

During 2017, the Company recorded impairment charges of $457 million related to certain intangible assets. These charges included $390 million related to goodwill and $33 million related to bottlers' franchise rights with indefinite lives. The impairment charges related to goodwill were determined by comparing the fair values of the reporting units, based on Level 3 inputs, to their carrying values. As a result of these charges, the carrying value of CCR's goodwill is zero. The impairment charge related to bottlers' franchise rights with indefinite lives was determined by comparing the fair value of the assets, based on Level 3 inputs, to the current carrying value. These impairment charges were incurred primarily as a result of current year refranchising activities in North America and management's estimate of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising. These charges were recorded in our Bottling Investments operating segment in the line item other operating charges in our consolidated statement of income. Additionally, we recorded impairment charges related to Venezuelan intangible assets of $34 million. The Venezuelan intangible assets were written down due to weaker sales and the volatility of foreign currency exchange rates resulting from continued political instability. These charges were recorded in Corporate in the line item other operating charges in our consolidated statement of income and were determined by comparing the fair value of the intangible assets, derived using discounted cash flow analyses, to the respective carrying values.

During 2016, the Company recorded charges of $153 million related to certain intangible assets. These charges included $143 million related to the impairment of certain U.S. bottlers' franchise rights, primarily as a result of lower operating performance compared to previously modeled results as well as a revision in management's view of the proceeds that would be ultimately received upon refranchising. The remaining charge of $10 million was related to the impairment of goodwill and resulted from management's revised outlook on market conditions. These impairment charges were recorded in our Bottling Investments operating segment in the line item other operating charges in our consolidated statement of income and were determined by comparing the fair value of the intangible assets, derived using discounted cash flow analyses, to their respective carrying values.

During 2015, the Company recorded a charge of $55 million related to the impairment of a Venezuelan trademark. The Venezuelan trademark impairment was due to the Company's revised expectations regarding the convertibility of the local currency. In 2015, the Company also closed a transaction with Monster. Under the terms of the transaction, the Company was required to discontinue selling energy products under one of the trademarks included in the glacéau portfolio. During the year ended December 31, 2015, the Company recognized impairment charges of $418 million, primarily as a result of discontinuing these products. The charges for the impairment of these trademarks were recorded in Corporate in the line item other operating charges in our consolidated statement of income and were determined by comparing the fair value of the trademarks, derived using discounted cash flow analyses, to the respective carrying values.

Pension Plan Valuations

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates and participate in multi-employer pension plans in the United States. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

Management is required to make certain critical estimates related to actuarial assumptions used to determine our pension expense and obligations. We believe the most critical assumptions are related to (1) the discount rate used to determine the present value of the liabilities and (2) the expected long-term rate of return on plan assets. All of our actuarial assumptions are reviewed annually, or more frequently to the extent that a settlement or curtailment occurs.

Changes in these assumptions could have a material impact on the measurement of our pension expense and obligations.

At each measurement date, we determine the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future payments we anticipate making under the plans. As of December 31, 2017 and 2016, the weighted-average discount rate used to compute our pension obligations was 3.50 percent and 4.00 percent, respectively.

Effective January 1, 2016, the Company changed its method of measuring the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans by applying the specific spot rates along the yield curve to the plans' projected cash flows. The Company believes the approach adopted in 2016 provides a more precise measurement of these components by improving the correlation between projected cash flows and the corresponding spot rates. The change does not affect the measurement of the Company's pension and other postretirement benefit obligations for those plans. During the year ended December 31, 2015, for plans using the yield curve approach, the Company measured the service cost and interest cost components utilizing the single weighted-average discount rate derived from the yield curve.

The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our long-term rates. Our pension plan investment objective is to ensure all of our plans have sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to improve returns and manage risk. The weighted-average expected long-term rate of return used to calculate our pension expense was 8.00 percent and 8.25 percent in 2017 and 2016, respectively.

In 2017, the Company's total pension expense related to defined benefit plans was $368 million, which included $28 million of net periodic benefit cost and $340 million of settlement charges, curtailment charges and special termination benefit costs. In 2018, we expect our total pension expense to be approximately $17 million, which includes $108 million of net periodic benefit income and $125 million of estimated settlement charges and special termination benefit costs expected to be incurred. The decrease in 2018 expected net periodic benefit cost is primarily due to 2017 North America refranchising activities, which decreased the size of the active workforce and, therefore, the number of employees earning pension benefits. Favorable asset performance in 2017 further decreased expected 2018 expense, although this was partially offset by a decrease in the weighted-average discount rate at December 31, 2017 compared to December 31, 2016. The estimated impact of a 50 basis-point decrease in the discount rate on our 2018 net periodic benefit cost would be an increase to our pension expense of $25 million. Additionally, the estimated impact of a 50 basis-point decrease in the expected long-term rate of return on plan assets on our 2018 net periodic benefit cost would be an increase to our pension expense of $29 million.

The sensitivity information provided above is based only on changes to the actuarial assumptions used for our U.S. pension plans. As of December 31, 2017, the Company's primary U.S. plan represented 64 percent and 65 percent of the Company's consolidated projected pension benefit obligation and pension assets, respectively. Refer to Note 13 of Notes to Consolidated Financial Statements for additional information about our pension plans and related actuarial assumptions.

The Company will adopt ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,* on January 1, 2018. In accordance with this standard, we will record the service cost component of net periodic benefit cost in selling, general and administrative expenses, and we will record the non-service cost components in other income (loss) — net. We expect to record service cost of $128 million and record a benefit of $111 million related to our non-service cost components of net periodic benefit cost and other benefit plan charges. Refer to Note 1 of Notes to Consolidated Financial Statements.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery of products has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. For our Company, this generally means that we recognize revenue when title to our products is transferred to our bottling partners, resellers or other customers. Title usually transfers upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of each transaction. Our sales terms do not allow for a right of return except for matters related to any manufacturing defects on our part.

Our customers can earn certain incentives which are included in deductions from revenue, a component of net operating revenues in our consolidated statements of income. These incentives include, but are not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. Refer to Note 1 of Notes to Consolidated Financial Statements. The aggregate deductions from revenue recorded by the Company in relation to these programs, including amortization expense on infrastructure programs, were $6.2 billion, $6.6 billion and $6.8 billion in 2017, 2016 and 2015, respectively. In

preparing the financial statements, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts recorded as deductions from revenue. Management also considers past results in making such estimates. The actual amounts ultimately paid may be different from our estimates. Such differences are recorded once they have been determined and have historically not been

significant. The Company will adopt ASU 2014-09, *Revenue from Contracts with Customers*, and its amendments on January 1, 2018. Adoption of this standard will result in a change in our revenue recognition policy. Refer to Note 1 of Notes to Consolidated Financial Statements.

Income Taxes

Our annual effective tax rate is based on our income and the tax laws in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax expense and in evaluating our tax positions. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that the position becomes uncertain based upon one of the following: (1) the tax position is not "more likely than not" to be sustained, (2) the tax position is "more likely than not" to be sustained, but for a lesser amount, or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information, (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position, and (3) each tax position is evaluated without considerations of the possibility of offset or aggregation with other tax positions taken. We adjust these reserves, including any impact on the related interest and penalties, in light of changing facts and circumstances, such as the progress of a tax audit. Refer to the heading "Operations Review — Income Taxes" below and Note 14 of Notes to Consolidated Financial Statements.

On September 17, 2015, the Company received a Notice from the IRS for the tax years 2007 through 2009, after a five-year audit. In the Notice, the IRS claims that the Company's United States taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period, plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in overseas markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement that applied back to 1987. The closing agreement provided prospective penalty protection as long as the Company followed the prescribed methodology and material facts and circumstances and relevant federal tax law have not changed. On February 11, 2016, the IRS notified the Company, without further explanation, that the IRS had determined that material facts and circumstances and relevant federal tax law had changed permitting it to assert penalties. The Company does not agree with this determination. The Company's compliance with the closing agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the 1996 closing agreement. The IRS designated the matter for litigation on October 15, 2015. To the extent the matter remains designated, the Company will be prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and plans to pursue all available administrative and judicial remedies necessary to resolve this matter. To that end, the Company filed a petition in the U.S. Tax Court on December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million. A trial date has been set for March 5, 2018. The Company intends to vigorously defend its position and is confident in its ability to prevail on the merits. On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The Company regularly assesses the likelihood of adverse outcomes resulting from examinations such as this to determine the adequacy of its tax reserves. The Company believes that the final adjudication of this matter will not have a material impact on its consolidated financial position, results of operations or cash flows. However, the ultimate outcome of disputes of this nature is uncertain, and if the IRS were to prevail in any material respect on its assertions, the additional tax, interest and any potential penalties could have a material adverse impact on the Company's financial position, results of operations and cash flows.

A number of years may elapse before a particular matter for which we have established a reserve is audited and finally resolved. The number of years with open tax audits varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions:

(1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Settlement of any particular issue would usually require the use of cash.

Tax law requires items to be included in the tax return at different times than when these items are reflected in the consolidated financial statements. As a result, the annual effective tax rate reflected in our consolidated financial statements is different from that reported in our tax return (our cash tax rate). Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences reverse over time, such as depreciation expense. These timing differences create deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities. The tax rates used to determine deferred tax assets or liabilities are the enacted tax rates in effect for the year and manner in which the differences are expected to reverse. Based on the evaluation of all available information, the Company recognizes future tax benefits, such as net operating loss carryforwards, to the extent that realizing these benefits is considered more likely than not.

We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing our forecasted taxable income using both historical and projected future operating results; the reversal of existing taxable temporary differences; taxable income in prior carryback years (if permitted); and the availability of tax planning strategies. A valuation allowance is required to be established unless management determines that it is more likely than not that the Company will ultimately realize the tax benefit associated with a deferred tax asset. As of December 31, 2017, the Company's valuation allowances on deferred tax assets were $501 million and were primarily related to uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards generated in various jurisdictions. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet.

The Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign subsidiaries to the extent that the basis difference results from earnings that meet the indefinite reversal criteria. These criteria are met if the foreign subsidiary has invested, or will invest, the undistributed earnings indefinitely. The decision as to the amount of undistributed earnings that the Company intends to maintain in non-U.S. subsidiaries takes into account items including, but not limited to, forecasts and budgets of financial needs of cash for working capital, liquidity plans, capital improvement programs, merger and acquisition plans, and planned loans to other non-U.S. subsidiaries. The Company also evaluates its expected cash requirements in the United States. Other factors that can influence that determination are local restrictions on remittances (for example, in some countries a central bank application and approval are required in order for the Company's local country subsidiary to pay a dividend), economic stability and asset risk. Refer to Note 14 of Notes to Consolidated Financial Statements.

The Tax Reform Act was signed into law on December 22, 2017. Among other things, the Tax Reform Act reduces the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent effective for tax years beginning after December 31, 2017, transitions the U.S. method of taxation from a worldwide tax system to a modified territorial system and requires companies to pay a one-time transition tax over a period of eight years on the mandatory deemed repatriation of prescribed foreign earnings as of December 31, 2017. At December 31, 2017, we have not yet finalized the calculations of the tax effects of the Tax Reform Act; however, we have calculated a reasonable estimate of the effects on our year end income tax provision in accordance with our current understanding of the Tax Reform Act and the available guidance. As a result, the Company recognized a net provisional tax charge in the amount of $3.6 billion in 2017, which is included as a component of income taxes from continuing operations on our consolidated statement of income. We will continue to refine our calculations as additional analysis is completed. In addition, our estimates may also be affected as we gain a more thorough understanding of the Tax Reform Act as a result of potential legislative or regulatory provisions or interpretive guidance.

The one-time transition tax is based on our total accumulated post-1986 prescribed foreign earnings and profits ("E&P") estimated to be $42 billion, the majority of which was previously considered to be indefinitely reinvested and, accordingly, no U.S. federal and state income taxes had been provided. We recorded a provisional tax amount of $4.6 billion as a reasonable estimate for our one-time transition tax liability and a $0.6 billion provisional deferred tax for the related withholding taxes and state income taxes. Because of the complexities of the Tax Reform Act, we are still finalizing our calculation of the total accumulated post-1986 prescribed E&P for the applicable foreign entities. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when we finalize the calculation of post-1986 prescribed foreign E&P and finalize the amounts held in cash or other specified assets. No additional income taxes have been provided for any additional

outside basis differences inherent in these entities, as these amounts continue to be provisionally indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability

related to any additional outside basis differences in these entities (i.e., basis differences in excess of that subject to the one-time transition tax) is not practicable. We also remeasured and adjusted certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21.0 percent. However, we are still analyzing certain aspects of the Tax Reform Act and refining our calculations, which could affect the measurement of these balances or give rise to new deferred tax amounts. The provisional amount recorded related to the remeasurement and adjustments of our deferred tax balance was a tax benefit of $1.6 billion.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to finalize the calculations for certain income tax effects of the Tax Reform Act. In accordance with SAB 118, the Company has determined that the net tax charge of $3.6 billion recorded in connection with the Tax Reform Act is a provisional amount and a reasonable estimate as of December 31, 2017. Additional work is necessary to finalize the calculations for certain income tax effects of the Tax Reform Act. Additionally, certain of our equity method investees are impacted by the Tax Reform Act and have recorded provisional tax amounts. To the extent their provisional amounts are refined in 2018, we will record our proportionate share in the line item equity income (loss) — net in our consolidated statement of income.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Company has not yet elected an accounting policy related to how it will account for GILTI and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the year ended December 31, 2017.

The Company's effective tax rate is expected to be approximately 21.0 percent in 2018. This estimated tax rate does not reflect the potential impact of further clarification of certain matters related to the Tax Reform Act and any unusual or special items that may affect our tax rate in 2018.

Operations Review

Our organizational structure as of December 31, 2017 consisted of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Bottling Investments; and Corporate. For further information regarding our operating segments, refer to Note 19 of Notes to Consolidated Financial Statements.

Structural Changes, Acquired Brands and Newly Licensed Brands

In order to continually improve upon the Company's operating performance, from time to time, we engage in buying and selling ownership interests in bottling partners and other manufacturing operations. In addition, we also acquire brands or enter into license agreements for certain brands to supplement our beverage offerings. These items impact our operating results and certain key metrics used by management in assessing the Company's performance.

Unit case volume growth is a metric used by management to evaluate the Company's performance because it measures demand for our products at the consumer level. The Company's unit case volume represents the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers and, therefore, reflects unit case volume for both consolidated and unconsolidated bottlers. Refer to the heading "Beverage Volume" below.

Concentrate sales volume represents the amount of concentrates, syrups, beverage bases, source waters, and powders/minerals
(in all instances expressed in equivalent unit cases) sold by, or used in finished products sold by, the Company to its bottling
partners or other customers. Refer to the heading "Beverage Volume" below.

Our Bottling Investments operating segment and our other finished product operations typically generate net operating revenues by selling sparkling soft drinks and a variety of other beverages, such as juices, juice drinks, sports drinks, waters, teas and coffees, to retailers or to distributors, wholesalers and bottling partners who distribute them to retailers. In addition, in the United States, we manufacture fountain syrups and sell them to fountain retailers such as restaurants and convenience stores who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. For these consolidated finished product operations, we recognize the associated concentrate sales volume at the time the unit case or unit case equivalent is sold to the customer. Our concentrate operations typically generate net operating revenues by selling concentrates and syrups to authorized bottling operations. For these concentrate operations, we recognize concentrate revenue and concentrate sales volume when we sell concentrate and syrups to the authorized unconsolidated bottling operations, and we typically report unit case volume when finished products manufactured from the concentrates and syrups are sold to the customer. When we analyze our net operating

revenues we generally consider the following four factors: (1) volume growth (concentrate sales volume or unit case volume, as

appropriate), (2) acquisitions and divestitures (including structural changes defined below), as applicable, (3) changes in price, product and geographic mix and (4) foreign currency fluctuations. Refer to the heading "Net Operating Revenues" below.

We generally refer to acquisitions and divestitures of bottling and distribution operations and consolidation or deconsolidation of bottling and distribution entities for accounting purposes as structural changes, which are a component of acquisitions and divestitures ("structural changes"). Typically, structural changes do not impact the Company's unit case volume on a consolidated basis or at the geographic operating segment level. We recognize unit case volume for all sales of Company beverage products regardless of our ownership interest in the bottling partner, if any. However, the unit case volume reported by our Bottling Investments operating segment is generally impacted by structural changes because it only includes the unit case volume of our consolidated bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Company's acquisitions and divestitures.

"Acquired brands" refers to brands acquired during the past 12 months. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to acquired brands in periods prior to the closing of a transaction. Therefore, the unit case volume and concentrate sales volume from the sale of these brands is incremental to prior year volume. We do not generally consider acquired brands to be structural changes.

"Licensed brands" refers to brands not owned by the Company, but for which we hold certain rights, generally including, but not limited to, distribution rights, and from which we derive an economic benefit when these brands are ultimately sold. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to these brands in periods prior to the beginning of the term of a license agreement. Therefore, in the year that the licenses are entered into, the unit case volume and concentrate sales volume from the sale of these brands is incremental to prior year volume. We do not generally consider newly licensed brands to be structural changes.

In 2017, ABI's controlling interest in CCBA was transitioned to the Company, resulting in its consolidation. The results of CCBA have been recorded as discontinued operations. The impact of this transaction has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Europe, Middle East and Africa operating segment.

Also in 2017, the Company refranchised its bottling operations in China to the two local franchise bottlers. The impact of these
refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated
basis as well as for our Asia Pacific and Bottling Investments operating segments.

Throughout 2017, 2016 and 2015, the Company refranchised bottling territories in North America that were previously managed by CCR to certain of our unconsolidated bottling partners. The impact of these refranchising activities has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our North America and Bottling Investments operating segments. In addition, for non-Company-owned and licensed beverage products sold in the refranchised territories for which the Company no longer reports unit case volume, we have eliminated the unit case volume from the applicable base year when calculating volume growth rates on a consolidated basis as well as for the North America and Bottling Investments operating segments.

During 2016, the Company deconsolidated its South African bottling operations and disposed of its related equity method investment in exchange for equity method investments in CCBA and CCBA's South African subsidiary. As part of the transaction, the Company also acquired and licensed several brands. The impacts of the deconsolidation, the disposal of the related equity method investment and the new equity method investments have been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Europe, Middle East and Africa and Bottling Investments operating segments. The brands and licenses that the Company acquired impacted the Company's unit case volume and concentrate sales volume and therefore, in addition to being included as a structural change, they are also considered acquired brands.

During 2016, the Company also deconsolidated our German bottling operations as a result of their being combined to create CCEP. As a result of the transaction, the Company now owns an equity method investment in CCEP. Accordingly, the impact of the deconsolidation and new equity method investment has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Europe, Middle East and Africa and Bottling Investments operating segments. The Company also changed our funding arrangement with our bottling partners in China, which resulted in a reduction in net operating revenues with an offsetting reduction in direct marketing expense. The impact of the change in the arrangement has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for our Asia Pacific operating segment.

In 2015, the Company closed a transaction with Monster ("Monster Transaction"), which has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for each of the Company's operating segments. This transaction consisted of multiple elements including, but not limited to, the acquisition of Monster's non-energy

brands and the expansion of our distribution territories for Monster's energy brands. These elements of the transaction impacted the Company's unit case volume and concentrate sales volume and therefore, in addition to being included as a structural change, they are also considered acquired brands.

Also during 2015, the Company acquired a South African bottler, which has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments operating segment.

The Company sells concentrates and syrups to both consolidated and unconsolidated bottling partners. The ownership structure of our bottling partners impacts the timing of recognizing concentrate revenue and concentrate sales volume. When we sell concentrates or syrups to our consolidated bottling partners, we are not able to recognize the concentrate revenue or concentrate sales volume until the bottling partner has sold finished products manufactured from the concentrates or syrups to a third party or independent customer. When we sell concentrates or syrups to our unconsolidated bottling partners, we recognize the concentrate revenue and concentrate sales volume when the concentrates or syrups are sold to the bottling partner. The subsequent sale of the finished products manufactured from the concentrates or syrups to a customer does not impact the timing of recognizing the concentrate revenue or concentrate sales volume. When we account for an unconsolidated bottling partner as an equity method investment, we eliminate the intercompany profit related to these transactions until the equity method investee has sold finished products manufactured from the concentrates or syrups to a third party or independent customer.

Beverage Volume

We measure the volume of Company beverage products sold in two ways: (1) unit cases of finished products and (2) concentrate sales. As used in this report, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings); and "unit case volume" means the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers. Unit case volume primarily consists of beverage products bearing Company trademarks. Also included in unit case volume are certain products licensed to, or distributed by, our Company, and brands owned by Coca-Cola system bottlers for which our Company provides marketing support and from the sale of which we derive economic benefit. In addition, unit case volume includes sales by certain joint ventures in which the Company has an equity interest. 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. The unit case volume numbers used in this report are derived based on estimates received by the Company from its bottling partners and distributors. Concentrate sales volume represents the amount of concentrates, syrups, beverage bases, source waters, and powders/minerals (in all instances expressed in equivalent unit cases) sold by, or used in finished beverages sold by, the Company to its bottling partners or other customers. Unit case volume and concentrate sales volume growth rates are not necessarily equal during any given period. Factors such as seasonality, bottlers' inventory practices, supply point changes, timing of price increases, new product introductions and changes in product mix can impact unit case volume and concentrate sales volume and can create differences between unit case volume and concentrate sales volume growth rates. In addition to the items mentioned above, the impact of unit case volume from certain joint ventures in which the Company has an equity interest but to which the Company does not sell concentrates, syrups, beverage bases, source waters, or powders/minerals may give rise to differences between unit case volume and concentrate sales volume growth rates.

Information about our volume growth worldwide and by operating segment is as follows:

	Percent Change			
	2017 versus 2016		2016 versus 2015	
Year Ended December 31,	**Unit Cases[1,2]**	**Concentrate Sales**	Unit Cases[1,2]	Concentrate Sales
Worldwide	**— %**	**— %**	1 %	— % [6]
Europe, Middle East & Africa	**1 %**	**1 %** [3]	1 %	— %
Latin America	**(2)**	**(3)**	(1)	(1)
North America	**—**	**2** [4]	1	2 [6]
Asia Pacific	**1**	**4** [5]	2	3
Bottling Investments	**(41)**	**N/A**	(16)	N/A

[1] Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only.

[2] Geographic operating segment data reflects unit case volume growth for all bottlers, both consolidated and unconsolidated, and distributors in the applicable geographic areas.

[3] After considering the impact of structural changes, concentrate sales volume for Europe, Middle East and Africa for the year ended December 31, 2017 grew 2 percent.

[4] After considering the impact of structural changes, concentrate sales volume for North America for the year ended December 31, 2017 was even.

[5] After considering the impact of structural changes, concentrate sales volume for Asia Pacific for the year ended December 31, 2017 grew 1 percent.

[6] After considering the impact of structural changes, concentrate sales volume both worldwide and for North America for the year ended December 31, 2016 grew 1 percent.

Unit Case Volume

The Coca-Cola system sold 29.2 billion, 29.3 billion and 29.2 billion unit cases of our products in 2017, 2016 and 2015, respectively. The unit case volume for 2017, 2016 and 2015 reflects the impact of brands acquired and licensed during the applicable year. The unit case volume for 2017, 2016 and 2015 also reflects the impact of the transfer of distribution rights with respect to non-Company-owned brands that were previously licensed to us in North American bottling territories that have since been refranchised. The Company eliminated the unit case volume related to these structural changes from the base year, as applicable, when calculating 2017 versus 2016 and 2016 versus 2015 unit case volume growth rates.

Sparkling soft drinks represented 69 percent, 69 percent and 70 percent of our worldwide unit case volume for 2017, 2016 and 2015, respectively. Trademark Coca-Cola accounted for 45 percent, 45 percent and 46 percent of our worldwide unit case volume for 2017, 2016 and 2015, respectively.

In 2017, unit case volume in the United States represented 19 percent of the Company's worldwide unit case volume. Of the U.S. unit case volume, 62 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 43 percent of U.S. unit case volume.

Unit case volume outside the United States represented 81 percent of the Company's worldwide unit case volume for 2017. The countries outside the United States in which our unit case volumes were the largest were Mexico, China, Brazil and Japan, which together accounted for 31 percent of our worldwide unit case volume. Of the non-U.S. unit case volume, 71 percent was attributable to sparkling soft drinks. Trademark Coca-Cola accounted for 45 percent of non-U.S. unit case volume.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

In Europe, Middle East and Africa, unit case volume grew 1 percent, reflecting an 8 percent increase in tea and coffee, a 5 percent increase in water, enhanced water and sports drinks and a 1 percent increase in sparkling soft drinks. These increases were partially offset by a decrease of 3 percent in juice, dairy and plant-based beverages. The group reported increases in unit case volume in our Central & Eastern Europe, Turkey, Caucasus & Central Asia,

South & East Africa and West Africa business units. The increases in these business units were partially offset by even results in both our Middle East & North Africa and Western Europe business units.

Unit case volume in Latin America decreased 2 percent, which included declines of 3 percent in sparkling soft drinks and 1 percent in water, enhanced water and sports drinks. The group's volume reflected declines of 10 percent in the Latin Center business unit and 6 percent in the Brazil business unit. These declines were partially offset by 1 percent growth in the Mexico

business unit, which included 1 percent growth in water, enhanced water and sports drinks, and even performance in sparkling soft drinks.

In North America, unit case volume was even, reflecting even volume for sparkling soft drinks, a 2 percent decline in water, enhanced water and sports drinks and growth in energy drinks. North America's volume performance in sparkling soft drinks included 4 percent growth in Trademark Sprite and 5 percent growth in Trademark Fanta offset by a 5 percent decline in Diet Coke.

Unit case volume in Asia Pacific increased 1 percent, reflecting a 2 percent increase in both sparkling soft drinks and juice, dairy and plant-based beverages. The increase in sparkling soft drinks included 4 percent growth in Trademark Coca-Cola. The group's unit case volume reflected an increase of 2 percent in both the ASEAN and Greater China & Korea business units and a 1 percent increase in the India & South West Asia business unit, partially offset by a 2 percent decline in the South Pacific business unit. Unit case volume in the Japan business unit was even.

Unit case volume for Bottling Investments decreased 41 percent. This decrease primarily reflects the North America refranchising activities and the refranchising of our China bottling operations.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

In Europe, Middle East and Africa, unit case volume grew 1 percent, which included even volume in sparkling soft drinks. The group's sparkling soft drinks performance included a 1 percent decline in Trademark Coca-Cola, offset by an increase of 4 percent in Trademark Sprite and an increase of 1 percent in Trademark Fanta. The group had unit case volume growth in water, tea and sports drinks, while volume for juice and juice drinks declined. The group reported increases in unit case volume in our Western Europe, Middle East & North Africa, West Africa and South & East Africa business units. The increases in these business units were partially offset by declines in unit case volume in both our Central & Eastern Europe and Turkey, Caucasus & Central Asia business units.

Unit case volume in Latin America decreased 1 percent, which included a decline of 2 percent in sparkling soft drinks. Unit case volume growth was reported for water, tea and sports drinks. The group's volume reflected a decline of 7 percent in both the Brazil and Latin Center business units and a decline of 3 percent in the South Latin business unit. These declines were partially offset by unit case volume growth of 5 percent in the Mexico business unit, which reflected 5 percent growth in sparkling soft drinks. Mexico's sparkling soft drinks unit case growth was led by 4 percent growth in Trademark Coca-Cola.

In North America, unit case volume grew 1 percent. Sparkling soft drinks volume was even, which included 3 percent growth in Trademark Sprite and 6 percent growth in Trademark Fanta offset by a 5 percent decline in Diet Coke. The group had unit case growth in water, sports drinks, juice and juice drinks and dairy. Unit case volume for vitaminwater grew 6 percent.

Unit case volume in Asia Pacific increased 2 percent. Volume for sparkling soft drinks was even, which included 2 percent growth in Trademark Coca-Cola offset by a 4 percent decline in Trademark Sprite. The group had unit case volume growth in water, teas and coffee, while volume for juice and juice drinks declined. The group's unit case volume reflected an increase of 6 percent in the ASEAN business unit and an increase of 3 percent in both the India & South West Asia and Japan business units. The growth in these business units was partially offset by a unit case volume decline of 1 percent in the Greater China & Korea business unit.

Unit case volume for Bottling Investments decreased 16 percent. This decrease primarily reflects the deconsolidation of our German bottling operations in May 2016, a decline in CCR's unit case volume of 14 percent as well as a decline in China. The decline in CCR's unit case volume was primarily driven by North America refranchising activities. The unfavorable impact of these items on the group's unit case volume results was partially offset by growth in India and other markets where we own or otherwise consolidate bottling operations. The Company's consolidated bottling operations accounted for 33 percent and 67 percent of the unit case volume in China and India, respectively. CCR accounted for 51 percent of the total bottler-distributed unit case volume in North America.

Concentrate Sales Volume

In 2017, worldwide concentrate sales volume and unit case volume were both even compared to 2016. In 2016, worldwide unit case sales volume grew 1 percent and concentrate sales volume was even compared to 2015. After considering the impact of structural changes, concentrate sales volume grew 1 percent during the year ended December 31, 2016. The differences between concentrate sales volume and unit case volume growth rates for the operating segments were primarily due to the timing of concentrate shipments, structural changes and the impact of unit case volume from certain joint ventures in which the Company has an equity interest, but to which the Company does not sell concentrates, syrups, beverage bases or powders.

Analysis of Consolidated Statements of Income

Year Ended December 31,	2017	2016	2015	Percent Change 2017 vs. 2016	Percent Change 2016 vs. 2015
(In millions except percentages and per share data)					
NET OPERATING REVENUES	**$ 35,410**	$ 41,863	$ 44,294	**(15 %)**	(5 %)
Cost of goods sold	**13,256**	16,465	17,482	**(19)**	(6)
GROSS PROFIT	**22,154**	25,398	26,812	**(13)**	(5)
GROSS PROFIT MARGIN	**62.6 %**	60.7 %	60.5 %		
Selling, general and administrative expenses	**12,496**	15,262	16,427	**(18)**	(7)
Other operating charges	**2,157**	1,510	1,657	**43**	(9)
OPERATING INCOME	**7,501**	8,626	8,728	**(13)**	(1)
OPERATING MARGIN	**21.2 %**	20.6 %	19.7 %		
Interest income	**677**	642	613	**6**	5
Interest expense	**841**	733	856	**15**	(14)
Equity income (loss) — net	**1,071**	835	489	**28**	71
Other income (loss) — net	**(1,666)**	(1,234)	631	**(35)**	*
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**6,742**	8,136	9,605	**(17)**	(15)
Income taxes from continuing operations	**5,560**	1,586	2,239	**251**	(29)
Effective tax rate	**82.5 %**	19.5 %	23.3 %		
NET INCOME FROM CONTINUING OPERATIONS	**1,182**	6,550	7,366	**(82)**	(11)
Income from discontinued operations (net of income taxes of $47, $0 and $0, respectively)	**101**	—	—	*	*
CONSOLIDATED NET INCOME	**1,283**	6,550	7,366	**(80)**	(11)
Less: Net income attributable to noncontrolling interests	**35**	23	15	**55**	45
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 1,248**	$ 6,527	$ 7,351	**(81 %)**	(11 %)
BASIC NET INCOME PER SHARE[1]	**$ 0.29**	$ 1.51	$ 1.69	**(81 %)**	(11 %)
DILUTED NET INCOME PER SHARE[1]	**$ 0.29**	$ 1.49	$ 1.67	**(81 %)**	(10 %)

* Calculation is not meaningful.

[1] Calculated based on net income attributable to shareowners of The Coca-Cola Company.

Net Operating Revenues

Year Ended December 31, 2017 versus Year Ended December 31, 2016

The Company's net operating revenues decreased $6,453 million, or 15 percent.

The following table illustrates, on a percentage basis, the estimated impact of key factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2017 vs. 2016				
	Volume[1]	Acquisitions & Divestitures	Price, Product & Geographic Mix	Currency Fluctuations	**Total**
Consolidated	— %	(17 %)	3 %	(1 %)	**(15 %)**
Europe, Middle East & Africa	2 %	(2 %)	3 %	(2 %)	**1 %**
Latin America	(3)	—	8	—	**5**
North America	—	2	3	—	**4**
Asia Pacific	1	—	(1)	(4)	**(2)**
Bottling Investments	(3)	(48)	4	—	**(47)**
Corporate	*	*	*	*	*

Note: Certain rows may not add due to rounding.

* Calculation is not meaningful.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments (expressed in equivalent unit cases) after considering the impact of structural changes. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

Refer to the heading "Beverage Volume" above for additional information related to changes in our unit case and concentrate sales volumes.

"Acquisitions and divestitures" refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above for additional information related to the structural changes.

"Price, product and geographic mix" refers to the change in revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred.

Price, product and geographic mix had a 3 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorably impacted as a result of pricing initiatives and product and package mix, partially offset by geographic mix;
- Latin America — favorable price mix in all four of the segment's business units and the impact of inflationary environments in certain markets;
- North America — favorably impacted as a result of pricing initiatives and product and package mix;
- Asia Pacific — unfavorably impacted by geographic mix, partially offset by the favorable impact of pricing initiatives and product and package mix; and
- Bottling Investments — favorably impacted as a result of pricing initiatives and product and package mix in North America.

Foreign currency fluctuations decreased our consolidated net operating revenues by 1 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the U.K. pound

sterling, Japanese yen, Argentine peso and Mexican peso, which had an unfavorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, South African rand, Australian dollar and Brazilian real, which had a favorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Net operating revenue growth rates are impacted by sales volume; acquisitions and divestitures; price, product and geographic mix; and foreign currency fluctuations. The size and timing of acquisitions and divestitures are not consistent from period to period. The Company currently expects acquisitions and divestitures to have a 17 percent unfavorable impact on full year 2018 net operating revenues. Based on current spot rates and our hedging coverage in place, we expect currencies will have a slight favorable impact on our full year 2018 net operating revenues.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

The Company's net operating revenues decreased $2,431 million, or 5 percent.

The following table illustrates, on a percentage basis, the estimated impact of key factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

	Percent Change 2016 vs. 2015				
	Volume[1]	Acquisitions & Divestitures	Price, Product & Geographic Mix	Currency Fluctuations	**Total**
Consolidated	1 %	(6 %)	3 %	(3 %)	**(5 %)**
Europe, Middle East & Africa	— %	(4 %)	2 %	(3 %)	**(4 %)**
Latin America	(1)	—	13	(18)	**(6)**
North America	1	—	3	—	**4**
Asia Pacific	3	(2)	(2)	1	**1**
Bottling Investments	—	(13)	1	(1)	**(14)**
Corporate	*	*	*	*	*

Note: Certain rows may not add due to rounding.

* Calculation is not meaningful.

[1] Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments (expressed in equivalent unit cases) after considering the impact of structural changes. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume after considering the impact of structural changes. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only. Refer to the heading "Beverage Volume" above.

Refer to the heading "Beverage Volume" above for additional information related to changes in our unit case and concentrate sales volumes.

"Acquisitions and Divestitures" refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. Refer to the heading "Structural Changes, Acquired Brands and Newly Licensed Brands" above for additional information related to the structural changes. The acquisitions and divestitures percent change for 2016 versus 2015 in the table above consisted entirely of structural changes.

Price, product and geographic mix had a 3 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

- Europe, Middle East and Africa — favorable product and geographic mix;
- Latin America — favorable price mix in all four of the segment's business units and the impact of inflationary environments in certain markets, partially offset by unfavorable geographic mix;
- North America — favorably impacted as a result of pricing initiatives and product and package mix; and
- Asia Pacific — unfavorable product and channel mix.

Foreign currency fluctuations decreased our consolidated net operating revenues by 3 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the South African rand, euro, U.K. pound sterling, Brazilian real, Argentine peso, Mexican peso and Australian dollar, which had an unfavorable impact on our Europe, Middle East and Africa, Latin America, Asia Pacific and Bottling

Investments operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the Japanese yen, which had a favorable impact on our Asia Pacific operating segment. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Net Operating Revenues by Operating Segment

Information about our net operating revenues by operating segment as a percentage of Company net operating revenues is as follows:

Year Ended December 31,	**2017**	2016	2015
Europe, Middle East & Africa	**20.7 %**	16.8 %	15.7 %
Latin America	**11.2**	8.9	9.0
North America	**24.4**	15.4	12.6
Asia Pacific	**13.5**	11.4	10.6
Bottling Investments	**29.8**	47.2	51.7
Corporate	**0.4**	0.3	0.4
Total	**100.0 %**	100.0 %	100.0 %

The percentage contribution of each operating segment fluctuates over time due to net operating revenues in certain operating segments growing at a faster rate compared to other operating segments. Net operating revenue growth rates are impacted by sales volume; acquisitions and divestitures; price, product and geographic mix; and foreign currency fluctuations. For additional information about the impact of foreign currency fluctuations, refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below and for additional information about acquisitions and divestitures, refer to Note 2 of Notes to Consolidated Financial Statements.

Gross Profit Margin

As a result of our finished goods operations, which are primarily included in our North America and Bottling Investments operating segments, the following inputs represent a substantial portion of the Company's total cost of goods sold: (1) sweeteners, (2) metals, (3) juices and (4) PET. The Company enters into hedging activities related to certain commodities in order to mitigate a portion of the price risk associated with forecasted purchases. Many of the derivative financial instruments used by the Company to mitigate the risk associated with these commodity exposures, including any related foreign currency exposure, do not qualify for hedge accounting. As a result, the changes in fair value of these derivative instruments have been, and will continue to be, included as a component of net income in each reporting period. The Company recorded gains related to these derivatives of $14 million and $79 million during the years ended December 31, 2017 and December 31, 2016, respectively, and recorded a loss of $206 million during the year ended December 31, 2015 in the line item cost of goods sold in our consolidated statements of income. Refer to Note 5 of Notes to Consolidated Financial Statements. We do not currently expect changes in commodity costs to have a significant impact on our 2018 gross profit margin as compared to 2017.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Our gross profit margin increased to 62.6 percent in 2017 from 60.7 percent in 2016. The increase was primarily due to the impact of acquisitions and divestitures, partially offset by the unfavorable impact of foreign currency exchange rate fluctuations. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

Our gross profit margin increased to 60.7 percent in 2016 from 60.5 percent in 2015. The increase was primarily due to the impact of positive price mix and lower commodity costs, partially offset by the unfavorable impact of foreign currency exchange rate fluctuations and acquisitions and divestitures. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to acquisitions and divestitures.

Selling, General and Administrative Expenses

The following table sets forth the significant components of selling, general and administrative expenses (in millions):

Year Ended December 31,		**2017**		2016		2015
Stock-based compensation expense	**$**	**219**	$	258	$	236
Advertising expenses		**3,958**		4,004		3,976
Selling and distribution expenses[1]		**3,257**		5,177		6,025
Other operating expenses		**5,062**		5,823		6,190
Selling, general and administrative expenses	**$**	**12,496**	$	15,262	$	16,427

[1] Includes operating expenses as well as general and administrative expenses primarily related to our Bottling Investments operating segment.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Selling, general and administrative expenses decreased $2,766 million, or 18 percent. During the year ended December 31, 2017, fluctuations in foreign currency exchange rates had a nominal impact on selling, general and administrative expenses. The decrease in selling and distribution expenses and advertising expenses during 2017 reflects the impact of divestitures. Additionally, advertising expenses during 2017 decreased 1 percent as a result of foreign currency exchange rate fluctuations. The decrease in other operating expenses during 2017 reflects savings from our productivity and reinvestment initiatives and a reduction in net periodic benefit cost. Foreign currency exchange rate fluctuations have a more significant impact on both advertising and other operating expenses as compared to our selling and distribution expenses since they are generally transacted in local currency. Our selling and distribution expenses are primarily related to our Company-owned bottling operations, of which the majority of expenses are attributable to CCR and are primarily denominated in U.S. dollars. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to divestitures.

As of December 31, 2017, we had $286 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under our plans. This cost is expected to be recognized over a weighted-average period of 3.0 years years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards. Refer to Note 12 of Notes to Consolidated Financial Statements.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

Selling, general and administrative expenses decreased $1,165 million, or 7 percent. During the year ended December 31, 2016, fluctuations in foreign currency decreased selling, general and administrative expenses by 2 percent. The increase in advertising expenses reflects the Company's increased investments to strengthen our brands, partially offset by a foreign currency exchange impact of 3 percent. The decrease in selling and distribution expenses reflects the impact of divestitures. The decrease in other operating expenses reflects the shift of the Company's marketing spending to more consumer-facing advertising expenses as well as savings from our productivity and reinvestment initiatives. Foreign currency exchange rate fluctuations have a more significant impact on both advertising and other operating expenses as compared to our selling and distribution expenses since they are generally transacted in local currency. Our selling and distribution expenses are primarily related to our Company-owned bottling operations, of which the majority of expenses are attributable to CCR and are primarily denominated in U.S. dollars. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to divestitures.

Other Operating Charges

Other operating charges incurred by operating segment were as follows (in millions):

Year Ended December 31,		**2017**		2016		2015
Europe, Middle East & Africa	**$**	**26**	$	32	$	(9)
Latin America		**7**		74		40
North America		**241**		134		141
Asia Pacific		**10**		1		3
Bottling Investments		**1,218**		900		600
Corporate		**655**		369		882
Total	**$**	**2,157**	$	1,510	$	1,657

In 2017, the Company recorded other operating charges of $2,157 million. These charges primarily consisted of $737 million of CCR asset impairments and $650 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $419 million related to costs incurred to refranchise certain of our bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, pension settlement charges and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Other operating charges also included $225 million related to a cash contribution we made to The Coca-Cola Foundation, $67 million related to tax litigation expense, $34 million related to impairments of Venezuelan intangible assets and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 1 of Notes to Consolidated Financial Statements for additional information about the Venezuelan intangible assets. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the refranchising of our bottling operations. Refer to Note 16 of Notes to Consolidated Financial Statements for information on how the Company determined the asset impairment charges. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments.

In 2016, the Company recorded other operating charges of $1,510 million. These charges primarily consisted of $352 million due to the Company's productivity and reinvestment program and $240 million due to the integration of our German bottling operations. In addition, the Company recorded charges of $415 million related to costs incurred to refranchise certain of our bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, pension settlement charges and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. The Company also recorded a charge of $200 million related to cash contributions we made to The Coca-Cola Foundation, a charge of $76 million due to the write-down we recorded related to our receivables from our bottling partner in Venezuela as a result of changes in exchange rates and charges of $41 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 1 of Notes to Consolidated Financial Statements for additional information on the Venezuelan exchange rates. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments.

In 2015, the Company incurred other operating charges of $1,657 million. These charges included $691 million due to the Company's productivity and reinvestment program and $292 million due to the integration of our German bottling operations. In addition, the Company recorded impairment charges of $418 million primarily due to the discontinuation of the energy products in the glacéau portfolio as a result of the Monster Transaction and incurred a charge of $100 million due to a cash contribution we made to The Coca-Cola Foundation. The Company also incurred a charge of $111 million due to the write-down we recorded related to receivables from our bottling partner in Venezuela and an impairment of a Venezuelan trademark primarily due to changes in exchange rates as a result of the establishment of the new open market exchange system. Refer to Note 1 of Notes to Consolidated Financial Statements for additional information on the Venezuelan currency change. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Monster Transaction. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments.

Productivity and Reinvestment Program

In February 2012, the Company announced a productivity and reinvestment program designed to further enable our efforts to strengthen our brands and reinvest our resources to drive long-term profitable growth. This program is focused on the following

initiatives: global supply chain optimization; global marketing and innovation effectiveness; operating expense leverage and operational excellence; data and information technology systems standardization; and the integration of Coca-Cola Enterprises Inc.'s ("Old CCE") former North America bottling operations.

In February 2014, the Company announced the expansion of our productivity and reinvestment program to drive incremental productivity that will primarily be redirected into increased media investments. Our incremental productivity goal consists of two relatively equal components. First, we will expand savings through global supply chain optimization, data and information technology systems standardization, and resource and cost reallocation. Second, we will increase the effectiveness of our marketing investments by transforming our marketing and commercial model to redeploy resources into more consumer-facing marketing investments to accelerate growth.

In October 2014, the Company announced that we were further expanding our productivity and reinvestment program and extending it through 2019. The expansion of the productivity initiatives will focus on four key areas: restructuring the Company's global supply chain; implementing zero-based work, an evolution of zero-based budget principles, across the organization; streamlining and simplifying the Company's operating model; and further driving increased discipline and efficiency in direct marketing investments. The Company expects that the expanded productivity initiatives will generate an incremental $2.0 billion in annualized productivity. This productivity will enable the Company to fund marketing initiatives and innovation required to deliver sustainable net revenue growth and will also support margin expansion and increased returns on invested capital over time. We expect to achieve total annualized productivity of approximately $3.0 billion by 2019 as a result of initiatives implemented under the 2014 expansions of the program.

In April 2017, the Company announced that we were expanding the current productivity and reinvestment program, with planned initiatives that are expected to generate an incremental $800 million in annualized savings by 2019. We expect to achieve these savings through additional efficiencies in both our supply chain and our marketing expenditures as well as the transition to a new, more agile operating model to enable growth. Under this operating model, our business units will be supported by an expanded enabling services organization and a corporate center focused on a few strategic initiatives, policy and governance. The expanded enabling services organization will focus on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence. The Company has incurred total pretax expenses of $3,058 million related to this program since it began in 2012. Refer to Note 18 of Notes to Consolidated Financial Statements for additional information.

Integration of Our German Bottling Operations

In 2008, the Company began the integration of our German bottling operations acquired in 2007. The Company incurred total pretax expenses of $1,367 million as a result of this initiative, primarily related to involuntary terminations. During the year ended December 31, 2016, the Company deconsolidated our German bottling operations. Refer to Note 2 and Note 18 of Notes to Consolidated Financial Statements for additional information.

Operating Income and Operating Margin

Information about our operating income contribution by operating segment on a percentage basis is as follows:

Year Ended December 31,	**2017**	2016	2015
Europe, Middle East & Africa	**48.6 %**	42.6 %	44.4 %
Latin America	**29.5**	22.6	24.9
North America	**34.4**	30.0	27.1
Asia Pacific	**28.8**	25.8	25.1
Bottling Investments	**(14.9)**	(1.6)	1.4
Corporate	**(26.4)**	(19.4)	(22.9)
Total	**100.0 %**	100.0 %	100.0 %

Information about our operating margin on a consolidated basis and by operating segment is as follows:

Year Ended December 31,	**2017**	2016	2015
Consolidated	**21.2 %**	20.6 %	19.7 %
Europe, Middle East & Africa	**49.7 %**	52.4 %	55.6 %
Latin America	**56.0**	52.1	54.3
North America	**29.8**	40.1	42.4
Asia Pacific	**45.4**	46.5	46.5
Bottling Investments	**(10.6)**	(0.7)	0.5
Corporate	*	*	*

* Calculation is not meaningful.

Year Ended December 31, 2017 versus Year Ended December 31, 2016

In 2017, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 3 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the U.K. pound sterling, Japanese yen, Argentine peso and Mexican peso, which had an unfavorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the euro, South African rand, Australian dollar and Brazilian real, which had a favorable impact on our Europe, Middle East and Africa, Asia Pacific and Latin America operating segments. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Operating income for Europe, Middle East and Africa for the years ended December 31, 2017 and 2016 was $3,646 million and $3,676 million, respectively. Operating income for the segment reflects an unfavorable foreign currency exchange rate impact of 3 percent, partially offset by favorable price, product and geographic mix.

Operating income for the Latin America segment for the years ended December 31, 2017 and 2016 was $2,214 million and $1,951 million, respectively. Operating income for the segment reflects favorable price mix, a reduction in other operating charges and a nominal impact from foreign currency exchange rate fluctuations.

North America's operating income for the years ended December 31, 2017 and 2016 was $2,578 million and $2,582 million, respectively. The decrease in the segment's operating income was due to higher other operating charges and an unfavorable foreign currency exchange rate impact of 1 percent, partially offset by favorable price and product and package mix.

Operating income for Asia Pacific for the years ended December 31, 2017 and 2016 was $2,163 million and $2,224 million, respectively. The decline in operating income for the segment reflects an unfavorable foreign currency exchange rate impact of 6 percent and unfavorable price, product and geographic mix.

Our Bottling Investments segment's operating loss for the year ended December 31, 2017 was $1,117 million, compared to an operating loss for the year ended December 31, 2016 of $137 million. The Bottling Investments segment was unfavorably impacted by acquisitions and divestitures and $737 million of asset impairment charges related to CCR.

The Corporate segment's operating loss for the years ended December 31, 2017 and 2016 was $1,983 million and $1,670 million, respectively. The operating loss in 2017 was unfavorably impacted by higher other operating charges.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

During the years ended December 31, 2016 and 2015, the Company's operating income was unfavorably impacted by the refranchising of certain bottling territories in North America, which unfavorably impacted our Bottling Investments operating segment. During the year ended December 31, 2016, the Company's operating income was unfavorably impacted by the sale of the Company's energy brands as part of the Monster Transaction which closed on June 12, 2015. The sale of the energy brands unfavorably impacted our Europe, Middle East and Africa, Latin America, North America, Asia Pacific and Bottling Investments operating segments. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the North America refranchising and the Monster Transaction.

In 2016, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 8 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the South African rand, euro, U.K. pound sterling, Brazilian real, Argentine peso, Mexican peso and Australian dollar, which had an unfavorable impact on our Europe, Middle East and Africa, Latin America, Asia Pacific, Bottling Investments and Corporate operating segments. The unfavorable impact

of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the Japanese yen, which had a favorable impact on our Asia Pacific operating segment. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below.

Operating income for Europe, Middle East and Africa for the years ended December 31, 2016 and 2015 was $3,676 million and $3,875 million, respectively. Foreign currency exchange rate fluctuations unfavorably impacted operating income by 3 percent and the segment was also unfavorably impacted by an increase in other operating charges and the impact of acquisitions and divestitures. The impact of these items was partially offset by favorable product mix and geographic mix.

Operating income for the Latin America segment for the years ended December 31, 2016 and 2015 was $1,951 million and $2,169 million, respectively. Foreign currency exchange rate fluctuations unfavorably impacted operating income by 27 percent and the segment was also unfavorably impacted by an increase in other operating charges. The impact of these items was partially offset by favorable price mix in all of the segment's business units.

North America's operating income for the years ended December 31, 2016 and 2015 was $2,582 million and $2,366 million, respectively. The increase in the segment's operating income was due to price increases and favorable package mix and a decrease in other operating charges, partially offset by the impact of acquisitions and divestitures.

Operating income in Asia Pacific for the years ended December 31, 2016 and 2015 was $2,224 million and $2,189 million, respectively. Operating income for the segment reflects an increase in concentrate sales partially offset by the unfavorable impact of acquisitions and divestitures.

Our Bottling Investments segment's operating loss for the year ended December 31, 2016 was $137 million, compared to operating income for the year ended December 31, 2015 of $124 million. The Bottling Investments segment was unfavorably impacted by an increase in other operating charges and the impact of acquisitions and divestitures, partially offset by a favorable impact of 1 percent due to fluctuations in foreign currency exchange rates.

The Corporate segment's operating loss for the years ended December 31, 2016 and 2015 was $1,670 million and $1,995 million, respectively. Operating loss in 2016 was favorably impacted by a decrease in other operating charges, partially offset by an unfavorable impact of 2 percent due to fluctuations in foreign currency exchange rates.

Interest Income

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Interest income was $677 million in 2017, compared to $642 million in 2016, an increase of $35 million, or 6 percent. The increase primarily reflects higher investment balances in certain of our international locations, partially offset by lower interest rates earned on certain investments.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

Interest income was $642 million in 2016, compared to $613 million in 2015, an increase of $29 million, or 5 percent. The increase primarily reflects higher cash balances and higher average interest rates in certain of our international locations, partially offset by the unfavorable impact of fluctuations in foreign currency exchange rates due to a stronger U.S. dollar against most major currencies.

Interest Expense

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Interest expense was $841 million in 2017, compared to $733 million in 2016, an increase of $108 million, or 15 percent.
The increase primarily reflects the impact of short-term U.S. interest rates and longer debt maturities, both of which resulted in higher interest rates on the Company's debt portfolio. Additionally, interest expense during the year ended December 31, 2017 included a net charge of $38 million due to the early extinguishment of certain long-term debt. This net charge included the difference between the reacquisition price and the net carrying amount of the debt extinguished. Refer to the heading "Liquidity, Capital Resources and Financial Position — Cash Flows from Financing Activities — Debt Financing" below and Note 10 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

Interest expense was $733 million in 2016, compared to $856 million in 2015, a decrease of $123 million, or 14 percent. Interest expense during the year ended December 31, 2016 included the impact of recently issued long-term

debt and interest rate swaps on our fixed-rate debt. Interest expense during the year ended December 31, 2015 included charges of $320 million the Company recorded on the early extinguishment of certain long-term debt. These charges included the difference between the reacquisition price and the net carrying amount of the debt extinguished, including the impact of the related fair value

hedging relationship. Refer to Note 5 of Notes to Consolidated Financial Statements for additional information related to the Company's hedging program. Refer to the heading "Liquidity, Capital Resources and Financial Position — Cash Flows from Financing Activities — Debt Financing" below and Note 10 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt.

Equity Income (Loss) — Net

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Equity income (loss) — net represents our Company's proportionate share of net income or loss from each of our equity method investees. In 2017, equity income was $1,071 million, compared to equity income of $835 million in 2016, an increase of $236 million, or 28 percent. This increase reflects, among other items, more favorable operating results reported by several of our equity method investees. Additionally, the increase was attributable to the impact of the equity investment in CCEP acquired in 2016 and the impact of the equity investment in AC Bebidas, S. de R.L. de C.V. ("AC Bebidas") that was acquired in 2017. The favorable impact of these items was partially offset by the derecognition of the Company's former equity method investment in South Africa in 2016. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on our investment in AC Bebidas and former investments in CCBA and CCBA's South African subsidiary.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

In 2016, equity income was $835 million, compared to equity income of $489 million in 2015, an increase of $346 million, or 71 percent. This increase reflects, among other items, more favorable operating results reported by several of our equity method investees, the impact of the June 2015 investment in Monster, as well as our investments in CCEP, CCBA and CCBA's South African subsidiary, which were acquired in 2016. The favorable impact of these items was partially offset by the unfavorable impact of fluctuations in foreign currency exchange rates due to a stronger U.S. dollar against most major currencies and the derecognition of the Company's former equity method investment in South Africa. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Monster Transaction and our investments in CCEP, CCBA and CCBA's South African subsidiary.

Other Income (Loss) — Net

Other income (loss) — net includes, among other things, the impact of foreign currency exchange gains and losses; dividend income; rental income; gains and losses related to the disposal of property, plant and equipment; gains and losses related to business combinations and disposals; realized and unrealized gains and losses on trading securities; realized gains and losses on available-for-sale securities; and other-than-temporary impairments of available-for-sale securities. The foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 5 of Notes to Consolidated Financial Statements.

In 2017, other income (loss) — net was a loss of $1,666 million. The Company recognized a net charge of $2,140 million due to the refranchising of certain bottling territories in North America and charges of $313 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. The Company also recorded an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. Additionally, the Company incurred a charge of $26 million related to our former German bottling operations. These charges were partially offset by a gain of $445 million related to the integration of Coca-Cola West Co., Ltd. ("CCW") and Coca-Cola East Japan Co., Ltd. ("CCEJ") to establish Coca-Cola Bottlers Japan Inc. ("CCBJI"). In exchange for our previously existing equity interests in CCW and CCEJ, we received an approximate 17 percent equity interest in CCBJI. The Company also recognized a gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value upon consolidation of CCBA. Additionally, the Company recognized a gain of $88 million related to the refranchising of our China bottling operations and related cost method investment and a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Other income (loss) — net also included net gains of $88 million related to trading securities and the sale of available-for-sale securities and $71 million of dividend income, partially offset by net foreign currency exchange losses of $57 million. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the North America and China bottling

refranchising, the conversion payments and our consolidation of CCBA. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments.

In 2016, other income (loss) — net was a loss of $1,234 million. This loss included losses of $2,456 million due to the refranchising of certain bottling territories in North America and a loss of $21 million due to the deconsolidation of our South African bottling operations and disposal of the related equity method investment in exchange for investments in CCBA and

CCBA's South African subsidiary. The Company incurred charges of $31 million related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Additionally, the Company incurred net foreign currency exchange losses of $246 million, including a charge of $72 million as a result of remeasuring its net monetary assets denominated in Egyptian pounds. The Egyptian pound devalued as a result of the central bank allowing its currency, which was previously pegged to the U.S. dollar, to float freely. These losses were partially offset by a gain of $1,323 million due to the deconsolidation of our German bottling operations, dividend income of $55 million and net gains of $83 million related to trading securities and the sale of available-for-sale securities. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the North America refranchising, the deconsolidation of our South African bottling operations, the conversion payments and the deconsolidation of our German bottling operations. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments.

In 2015, other income (loss) — net was income of $631 million. This income included a net gain of $1,403 million as a result of the Monster Transaction, primarily due to the difference in the recorded carrying value of the assets transferred, including an allocated portion of goodwill, compared to the value of the total assets and business acquired. Other income (loss) — net also included net foreign currency exchange gains of $149 million and dividend income of $83 million. This income was partially offset by losses of $1,006 million due to refranchising activities in North America. The net foreign currency exchange gains included a gain of $300 million associated with our foreign-denominated debt partially offset by a charge of $27 million due to the initial remeasurement of the net monetary assets of our Venezuelan subsidiary using the SIMADI exchange rate. The Company determined that based on its economic circumstances, the SIMADI rate best represented the applicable rate at which future transactions could be settled, including the payment of dividends. As such, the Company remeasured the net assets related to its operations in Venezuela using the current SIMADI rate. Refer to the heading "Liquidity, Capital Resources and Financial Position — Foreign Exchange" below and Note 1 of Notes to Consolidated Financial Statements for additional information related to the charge due to the change in Venezuelan exchange rates. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to the Monster Transaction and North America refranchising. Refer to Note 19 of Notes to Consolidated Financial Statements for the impact these items had on our operating segments.

Income Taxes

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the U.S. statutory rate of 35.0 percent. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2018 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $221 million, $105 million and $223 million for the years ended December 31, 2017, 2016 and 2015, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method of accounting, which are generally taxed at rates lower than the U.S. statutory rate.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2017**	2016	2015
Statutory U.S. federal tax rate	**35.0 %**	35.0 %	35.0 %
State and local income taxes — net of federal benefit	**1.2**	1.2	1.2
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	**(9.7)**	(17.5) [5]	(12.7)
Equity income or loss	**(3.4)**	(3.0)	(1.7)
Tax Reform Act	**53.5** [1]	—	—
Other — net	**5.9** [2,3,4]	3.8 [6]	1.5
Effective tax rate	**82.5 %**	19.5 %	23.3 %

[1] Includes net tax expense of $3,610 million primarily related to our reasonable estimate of the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017, partially offset by the impact of the lower rate introduced by the Tax Reform Act on our existing deferred tax balances. Refer to Note 14 of Notes to Consolidated Financial Statements.

[2] Includes excess tax benefits of $132 million (or a 2 percent impact on our effective tax rate) recognized as awards issued under the Company's share-based compensation arrangements vested or were settled.

[3] Includes net tax expense of $1,048 million on a pretax gain of $1,037 million (or a 10.2 percent impact on our effective tax rate) related to the refranchising of CCR's Southwest operating unit ("Southwest Transaction"), in conjunction with which we obtained an equity interest in AC Bebidas. The Company accounts for its interest in AC Bebidas as an equity method investment and the net tax expense was primarily the result of the deferred tax recorded on the basis difference in this investment. Refer to Note 2 of Notes to Consolidated Financial Statements.

[4] Includes a $156 million net tax benefit related to the impact of manufacturing incentives and permanent book-to-tax adjustments.

[5] Includes tax expense of $97 million related to a pretax gain of $1,323 million (or a 4.5 percent impact on our effective tax rate) related to

the deconsolidation of our German bottling operations. Refer to Note 2 of Notes to Consolidated Financial Statements.

[6] Includes tax expense of $157 million (or a 1.9 percent impact on our effective tax rate) primarily related to amounts required to be

recorded for changes to our uncertain tax positions, including interest and penalties, in certain domestic jurisdictions.

As of December 31, 2017, the gross amount of unrecognized tax benefits was $331 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $205 million, exclusive of any benefits related to interest and penalties. The remaining $126 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,	**2017**	2016	2015
Beginning balance of unrecognized tax benefits	**$ 302**	$ 168	$ 211
Increase related to prior period tax positions	**18**	163 [1]	4
Decrease related to prior period tax positions	**(13)**	—	(9)
Increase related to current period tax positions	**13**	17	5
Decrease related to settlements with taxing authorities	**—**	(40) [1]	(5)
Decrease due to lapse of the applicable statute of limitations	**—**	—	(23)
Increase (decrease) due to effect of foreign currency exchange rate changes	**11**	(6)	(15)
Ending balance of unrecognized tax benefits	**$ 331**	$ 302	$ 168

[1] The increase is primarily related to a change in judgment about one of the Company's tax positions as a result of receiving notification of a preliminary settlement of a Competent Authority matter with a foreign jurisdiction, a portion of which became certain later in the year. This change in position did not have a material impact on the Company's consolidated

statement of income during the year ended December 31, 2016, as it was partially offset by refunds to be received from the foreign jurisdiction.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $177 million, $142 million and $111 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2017, 2016 and 2015, respectively. Of these amounts, $35 million and $31 million of expense were recognized through income tax expense in 2017 and 2016, respectively. An insignificant amount of interest and penalties was recognized through income tax expense for the year ended December 31, 2015. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company's effective tax rate.

Based on current tax laws, the Company's effective tax rate in 2018 is expected to be approximately 21.0 percent before considering the potential impact of further clarification of certain matters related to the Tax Reform Act and any unusual or special items that may affect our effective tax rate.

Liquidity, Capital Resources and Financial Position

We believe our ability to generate cash flows from operating activities is one of our fundamental financial strengths. Refer to the heading "Cash Flows from Operating Activities" below. The near-term outlook for our business remains strong, and we expect to generate substantial cash flows from operations in 2018. As a result of our expected cash flows from operations, we have significant flexibility to meet our financial commitments. The Company does not typically raise capital through the issuance of stock. Instead, we use debt financing to lower our overall cost of capital and increase our return on shareowners' equity. Refer to the heading "Cash Flows from Financing Activities" below. We have a history of borrowing funds domestically and continue to have the ability to borrow funds domestically at reasonable interest rates. In addition, our domestic entities have recently borrowed and continue to have the ability to borrow funds in international markets at reasonable interest rates. Our debt financing includes the use of an extensive commercial paper program as part of our overall cash management strategy. The Company reviews its optimal mix of short-term and long-term debt regularly and may replace certain amounts of commercial paper, short-term debt and current maturities of long-term debt with new issuances of long-term debt in the future. In addition to the Company's cash balances, commercial paper program, and our ability to issue long-term debt, we also had $7,295 million in lines of credit for general corporate purposes as of December 31, 2017. These backup lines of credit expire at various times from 2018 through 2022.

We have significant operations outside the United States. Unit case volume outside the United States represented 81 percent of the Company's worldwide unit case volume in 2017. We earn a substantial amount of our consolidated operating income and income from continuing operations before income taxes from foreign subsidiaries that either sell concentrates and syrups to our local bottling partners or, in certain instances, sell finished products directly to our customers to fulfill the demand for Company beverage products outside the United States. A significant portion of these foreign earnings was previously considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and will continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no U.S. federal and state income taxes were previously provided on the portion of our foreign earnings that was considered to be indefinitely reinvested in foreign jurisdictions. On December 22, 2017, the Tax Reform Act was signed into law. The Tax Reform Act reduces the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent effective for tax years beginning after December 31, 2017, transitions the U.S. method of taxation from a worldwide tax system to a modified territorial system and requires companies to pay a one-time transition tax over a period of eight years on the mandatory deemed repatriation of prescribed foreign earnings as of December 31, 2017. As a result, the Company recognized a provisional tax charge related to the one-time transition tax in the amount of $4.6 billion in 2017. The Company's cash, cash equivalents, short-term investments and marketable securities held by our foreign subsidiaries totaled $19.6 billion as of December 31, 2017.

Net operating revenues in the United States were $14.7 billion in 2017, or 42 percent of the Company's consolidated net operating revenues. We expect existing domestic cash, cash equivalents, short-term investments, marketable securities, cash flows from operations, the repatriation of foreign earnings and the issuance of debt to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities. In addition, we expect foreign cash, cash equivalents, short-term investments, marketable securities remaining after repatriation and cash flows from operations to continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities.

Based on all the aforementioned factors, the Company believes its current liquidity position is strong, and we will continue to meet all of our financial commitments for the foreseeable future. These obligations and anticipated cash outflows include, but are not limited to, regular quarterly dividends, debt maturities, capital expenditures, share repurchases and obligations included under the heading "Off-Balance Sheet Arrangements and Aggregate Contractual Obligations" below.

Cash Flows from Operating Activities

Net cash provided by operating activities for the years ended December 31, 2017, 2016 and 2015 was $6,995 million, $8,796 million and $10,528 million, respectively.

Net cash provided by operating activities decreased $1,801 million, or 20 percent, in 2017 compared to 2016. This decrease was primarily driven by the refranchising of certain bottling operations, the unfavorable impact of foreign currency exchange rate fluctuations, one less day in the current year, and increased payments related to income taxes and restructuring. Net cash provided by operating activities in 2018 will be impacted by a tax payment of $370 million related to the one-time transition tax resulting from the Tax Reform Act. Refer to the heading "Operations

Review — Net Operating Revenues" above for additional information on the impact of foreign currency fluctuations. Refer to Note 14 of Notes to Consolidated Financial Statements for additional information on the tax payments.

Net cash provided by operating activities decreased $1,732 million, or 16 percent, in 2016 compared to 2015. This decrease included the unfavorable impact of foreign currency exchange rate fluctuations, the impact of $471 million in incremental

contributions made to the Company's pension plans and the impact of acquisitions and divestitures. The impact of these items was partially offset by lower income tax payments. Refer to the heading "Operations Review — Net Operating Revenues" above for additional information on the impact of foreign currency fluctuations. Refer to Note 14 of Notes to Consolidated Financial Statements for additional information on the tax payments.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities is summarized as follows (in millions):

Year Ended December 31,	**2017**	2016	2015
Purchases of investments	**$ (16,520)**	$ (15,499)	$ (15,831)
Proceeds from disposals of investments	**15,911**	16,624	14,079
Acquisitions of businesses, equity method investments and nonmarketable securities	**(3,900)**	(838)	(2,491)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	**3,821**	1,035	565
Purchases of property, plant and equipment	**(1,675)**	(2,262)	(2,553)
Proceeds from disposals of property, plant and equipment	**104**	150	85
Other investing activities	**(126)**	(209)	(40)
Net cash provided by (used in) investing activities	**$ (2,385)**	$ (999)	$ (6,186)

Purchases of Investments and Proceeds from Disposals of Investments

In 2017, purchases of investments were $16,520 million and proceeds from disposals of investments were $15,911 million. This activity resulted in a net cash outflow of $609 million during 2017. In 2016, purchases of investments were $15,499 million and proceeds from disposals of investments were $16,624 million, resulting in a net cash inflow of $1,125 million. In 2015, purchases of investments were $15,831 million and proceeds from disposals of investments were $14,079 million, resulting in a net cash outflow of $1,752 million. These investments include time deposits that have maturities greater than three months but less than one year and are classified in the line item short-term investments in our consolidated balance sheets. The disposals in 2016 include proceeds from the disposal of the Company's investment in Keurig of $2,380 million. The purchases in 2015 include our investment in Keurig of $830 million. The remaining activity primarily represents the purchases of and proceeds from short-term investments that were made as part of the Company's overall cash management strategy. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on our investment in Keurig.

Acquisitions of Businesses, Equity Method Investments and Nonmarketable Securities

In 2017, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $3,900 million, which was primarily related to the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. Additionally, in conjunction with the Southwest Transaction, we obtained an equity interest in AC Bebidas. The remaining activity primarily related to the acquisition of AdeS, a plant-based beverage business, by the Company and several of its bottling partners in Latin America, and the acquisition of the U.S. rights to the Topo Chico premium sparkling water brand from AC Bebidas, an equity method investee.

In 2016, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $838 million, which was primarily related to our acquisition of Xiamen Culiangwang Beverage Technology Co., Ltd., a maker of plant-based protein beverages in China, and a minority investment in CHI Limited, a Nigerian producer of value-added dairy and juice beverages. Under the terms of the agreement related to our investment in CHI Limited, the Company is obligated to acquire the remaining ownership interest from the existing shareowners in 2019 based on an agreed-upon formula.

In 2015, the Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $2,491 million, which primarily included our equity investments in Monster and in Indonesian bottling operations and the acquisition of a controlling interest in a South African bottling operation.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our acquisitions during the years ended December 31, 2017, 2016 and 2015.

Proceeds from Disposals of Businesses, Equity Method Investments and Nonmarketable Securities

In 2017, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $3,821 million, primarily related to proceeds from the refranchising of certain bottling territories in North America and the refranchising of our China bottling operations and related cost method investment.

In 2016, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $1,035 million, primarily related to proceeds from the refranchising of certain bottling territories in North America.

In 2015, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $565 million, which included cash received as a result of a Brazilian bottling entity's majority interest owners exercising their option to acquire from us an additional equity interest. The proceeds from disposals of businesses, equity method investments and nonmarketable securities during 2015 also included the proceeds from the refranchising of certain of our bottling territories in North America.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information related to our disposals during the years ended December 31, 2017, 2016 and 2015.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment net of disposals for the years ended December 31, 2017, 2016 and 2015 were $1,571 million, $2,112 million and $2,468 million, respectively.

Total capital expenditures for property, plant and equipment and the percentage of such totals by operating segment were as follows (in millions):

Year Ended December 31,	**2017**	2016	2015
Capital expenditures	**$ 1,675**	$ 2,262	$ 2,553
Europe, Middle East & Africa	**4.8 %**	2.7 %	2.1 %
Latin America	**3.3**	2.0	2.7
North America	**32.3**	19.4	14.8
Asia Pacific	**3.0**	4.7	3.2
Bottling Investments	**39.5**	58.8	66.5
Corporate	**17.1**	12.4	10.7

We expect our annual 2018 capital expenditures to be approximately $1.9 billion as we continue to make investments to enable growth in our business and further enhance our operational effectiveness.

Other Investing Activities

In 2016, cash used in other investing activities was primarily related to the cash flow impact of the Company's derivative contracts designated as net investment hedges and the purchases of trademarks.

In 2015, cash used in other investing activities included a $530 million payment related to the Monster Transaction, partially offset by the cash flow impact of the Company's derivative contracts designated as net investment hedges.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the Monster Transaction and Note 5 of Notes to Consolidated Financial Statements for additional information on the Company's derivative contracts designated as net investment hedges.

Cash Flows from Financing Activities

Net cash provided by (used in) financing activities is summarized as follows (in millions):

Year Ended December 31,		**2017**		2016		2015
Issuances of debt	**$**	**29,857**	$	27,281	$	40,434
Payments of debt		**(28,768)**		(25,615)		(37,738)
Issuances of stock		**1,595**		1,434		1,245
Purchases of stock for treasury		**(3,682)**		(3,681)		(3,564)
Dividends		**(6,320)**		(6,043)		(5,741)
Other financing activities		**(91)**		79		251
Net cash provided by (used in) financing activities	**$**	**(7,409)**	$	(6,545)	$	(5,113)

Debt Financing

Our Company maintains debt levels we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our overall cost of capital, which increases our return on shareowners' equity. This exposes us to adverse changes in interest rates. Our interest expense may also be affected by our credit ratings.

As of December 31, 2017, our long-term debt was rated "AA-" by Standard & Poor's and "Aa3" by Moody's. Our commercial paper program was rated "A-1+" by Standard & Poor's and "P-1" by Moody's. In assessing our credit strength, both agencies consider our capital structure (including the amount and maturity dates of our debt) and financial policies as well as the aggregated balance sheet and other financial information of the Company. In addition, some rating agencies also consider the financial information of certain bottlers, including CCEP, Coca-Cola Amatil Limited, Coca-Cola Bottling Co. Consolidated, Coca-Cola FEMSA and Coca-Cola Hellenic. While the Company has no legal obligation for the debt of these bottlers, the rating agencies believe the strategic importance of the bottlers to the Company's business model provides the Company with an incentive to keep these bottlers viable. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure, our major bottlers' financial performance, changes in the credit rating agencies' methodology in assessing our credit strength, or for any other reason, our cost of borrowing could increase. Additionally, if certain bottlers' credit ratings were to decline, the Company's equity income could be reduced as a result of the potential increase in interest expense for those bottlers.

We monitor our financial ratios and, as indicated above, the rating agencies consider these ratios in assessing our credit ratings. Each rating agency employs a different aggregation methodology and has different thresholds for the various financial ratios. These thresholds are not necessarily permanent, nor are they always fully disclosed to our Company.

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

Issuances and payments of debt included both short-term and long-term financing activities. In 2017, the Company had issuances of debt of $29,857 million, which included net issuances of $26,218 million of commercial paper and short-term debt with maturities greater than 90 days and long-term debt issuances of $3,639 million, net of related discounts and issuance costs.

During 2017, the Company made payments of debt of $28,768 million, which included $636 million of payments related to commercial paper and short-term debt with maturities of 90 days or less and $24,156 of payments related to commercial paper and short-term debt with maturities greater than 90 days. The Company's total payments of long-term debt were $3,976 million. The long-term debt payments included the early extinguishment of long-term debt with a carrying value of $417 million, a portion of which was assumed in connection with our acquisition of Old CCE's former North America business. This resulted in a net charge of $38 million that was recorded in the line item interest expense in our consolidated statement of income. This net charge included the difference between the reacquisition price and the net carrying amount of the debt extinguished, including fair value adjustments recorded as part of purchase accounting.

In 2016, the Company had issuances of debt of $27,281 million, which included net issuances of $773 million of commercial paper and short-term debt with maturities of 90 days or less and $21,525 million of commercial paper and short-term debt with maturities greater than 90 days. The Company's total issuances of debt also included long-term debt issuances of $4,983 million, net of related discounts and issuance costs. Refer below for additional details on our long-term debt issuances.

During 2016, the Company made payments of debt of $25,615 million, which included $22,920 million of payments related to commercial paper and short-term debt with maturities greater than 90 days and payments of long-term debt of $2,695 million.

In 2015, the Company had issuances of debt of $40,434 million, which included net issuances of $25,923 million of commercial paper and short-term debt with maturities greater than 90 days. The Company's total issuances of debt also included long-term debt issuances of $14,511 million, net of related discounts, premiums and issuance costs.

During 2015, the Company made payments of debt of $37,738 million, which included net payments of $208 million of commercial paper and short-term debt with maturities of 90 days or less, $31,711 million of payments of commercial paper and short-term debt with maturities greater than 90 days and long-term debt payments of $5,819 million. The long-term debt payments included the extinguishment of $2,039 million of long-term debt prior to maturity, which resulted in associated charges of $320 million that were recorded in the line item interest expense in our consolidated statement of income. These charges included the difference between the reacquisition price and the net carrying amount of the debt extinguished, including the impact of the related fair value hedging relationship.

The carrying value of the Company's long-term debt included fair value adjustments related to the debt assumed from Old CCE of $263 million and $361 million as of December 31, 2017 and 2016, respectively. These fair value adjustments are being amortized over the number of years remaining until the underlying debt matures. As of December 31, 2017, the weighted-average maturity of the assumed debt to which these fair value adjustments relate was approximately 24 years. The amortization of these fair value adjustments will be a reduction of interest expense in future periods, which will typically result in our interest expense being less than the actual interest paid to service the debt. Total interest paid was $757 million, $663 million and $515 million in 2017, 2016 and 2015, respectively. Refer to Note 10 of Notes to Consolidated Financial Statements for additional information related to the Company's long-term debt balances.

Issuances of Stock

The issuances of stock in 2017, 2016 and 2015 were related to the exercise of stock options by Company employees.

Share Repurchases

In 2012, the Board of Directors authorized a share repurchase program of up to 500 million shares of the Company's common stock. The table below presents annual shares repurchased and average price per share:

Year Ended December 31,	**2017**	2016	2015
Number of shares repurchased (in millions)	**82**	86	86
Average price per share	**$ 44.09**	$ 43.62	$ 41.33

Since the inception of our initial share repurchase program in 1984 through our current program as of December 31, 2017, we have purchased 3.4 billion shares of our Company's common stock at an average price per share of $16.74. In addition to shares repurchased under the share repurchase program authorized by our Board of Directors, the Company's treasury stock activity also includes shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees. In 2017, we repurchased $3.7 billion of our stock. The net impact of the Company's treasury stock issuance and purchase activities in 2017 resulted in a net cash outflow of $2.1 billion. We currently expect to repurchase approximately $1.0 billion of our stock during 2018, net of proceeds from the issuance of treasury stock due to the exercise of employee stock options.

Dividends

The Company paid dividends of $6,320 million, $6,043 million and $5,741 million during the years ended December 31, 2017, 2016 and 2015, respectively.

At its February 2018 meeting, our Board of Directors increased our quarterly dividend by 5 percent, raising it to $0.39 per share, equivalent to a full year dividend of $1.56 per share in 2018. This is our 56th consecutive annual increase. Our annual common stock dividend was $1.48 per share, $1.40 per share and $1.32 per share in 2017, 2016 and 2015, respectively. The 2017 dividend represented a 6 percent increase from 2016, and the 2016 dividend represented a 6 percent increase from 2015.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements

In accordance with the definition under SEC rules, the following qualify as off-balance sheet arrangements:

- any obligation under certain guarantee contracts;
- a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- any obligation under certain derivative instruments; and
- any obligation arising out of a material variable interest held by the registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

As of December 31, 2017, we were contingently liable for guarantees of indebtedness owed by third parties of $609 million, of which $256 million was related to VIEs. These guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees was individually significant. The amount represents the maximum potential future payments that we could be required to make under the guarantees; however, we do not consider it probable that we will be required to satisfy these guarantees. Management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable. As of December 31, 2017, we were not directly liable for the debt of any unconsolidated entity, and we did not have any retained or contingent interest in assets as defined above.

Our Company recognizes all derivatives as either assets or liabilities at fair value in our consolidated balance sheets. Refer to Note 5 of Notes to Consolidated Financial Statements.

Aggregate Contractual Obligations

As of December 31, 2017, the Company's contractual obligations, including payments due by period, were as follows (in millions):

	Payments Due by Period				
	Total	2018	2019-2020	2021-2022	2023 and Thereafter
Short-term loans and notes payable:[1]					
Commercial paper borrowings	$ 12,931	$ 12,931	$ —	$ —	$ —
Lines of credit and other short-term borrowings	274	274	—	—	—
Current maturities of long-term debt[2]	3,300	3,300	—	—	—
Long-term debt, net of current maturities[2]	31,082	—	9,501	5,398	16,183
Estimated interest payments[3]	5,064	519	883	702	2,960
Accrued income taxes[4]	4,663	410	740	740	2,773
Purchase obligations[5]	14,582	8,132	1,464	832	4,154
Marketing obligations[6]	4,629	2,439	1,033	619	538
Lease obligations	817	182	231	176	228
Held-for-sale obligations[7]	1,592	1,591	1	—	—
Total contractual obligations	$ 78,934	$ 29,778	$ 13,853	$ 8,467	$ 26,836

[1] Refer to Note 10 of Notes to Consolidated Financial Statements for information regarding short-term loans and notes payable. Upon payment of outstanding commercial paper, we typically issue new commercial paper. Lines of credit and other short-term borrowings are expected to fluctuate depending upon current liquidity needs, especially at international subsidiaries.

[2] Refer to Note 10 of Notes to Consolidated Financial Statements for information regarding long-term debt. We will consider several alternatives to settle this long-term debt, including the use of cash flows from operating activities, issuance of commercial paper or issuance of other long-term debt. The table above shows expected cash payments to be paid by the Company in future periods and excludes the noncash portion of debt, including the fair market value markup, unamortized discounts and premiums.

[3] We calculated estimated interest payments for our long-term debt based on the applicable rates and payment dates. For our variable-rate debt, we have assumed the December 31, 2017 rate for all years presented. We typically expect to settle such interest payments with cash flows from operating activities and/or short-term borrowings.

[4] Refer to Note 14 of Notes to Consolidated Financial Statements for information regarding income taxes. Accrued income taxes includes $4,623 million related to the one-time transition tax required by the Tax Reform Act. Unrecognized tax benefits, including accrued interest and penalties of $505 million, were not included in the total above. At this time, the settlement period for the unrecognized tax benefits cannot be determined. In addition, any payments related to unrecognized tax benefits would be partially offset by reductions in payments in other jurisdictions.

[5] Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including long-term contractual obligations, open purchase orders, accounts payable and certain accrued liabilities. We expect to fund these obligations with cash flows from operating activities.

[6] We expect to fund these marketing obligations with cash flows from operating activities.

[7] Represents liabilities and contractual obligations of the Company's bottling operations that are classified as held for sale.

The total accrued benefit liability for pension and other postretirement benefit plans recognized as of December 31, 2017, was $2,027 million. Refer to Note 13 of Notes to Consolidated Financial Statements. This amount is impacted by, among other items, pension expense, funding levels, plan amendments, changes in plan demographics and assumptions, and the investment return on plan assets. Because the accrued liability does not represent expected liquidity needs, we did not include this amount in the contractual obligations table.

We generally expect to fund all future pension contributions with cash flows from operating activities. Our international pension plans are generally funded in accordance with local laws and income tax regulations.

As of December 31, 2017, the projected benefit obligation of the U.S. qualified pension plans was $6,384 million, and the fair value of the related plan assets was $6,028 million. The projected benefit obligation of all pension plans other than the U.S. qualified pension plans was $3,071 million, and the fair value of the related plan assets was $2,815 million. The majority of this underfunding is attributable to an international pension plan for certain non-U.S. employees that is unfunded due to tax law restrictions, as well as certain unfunded U.S. nonqualified pension plans. These U.S. nonqualified pension plans provide, for

certain associates, benefits that are not permitted to be funded through a qualified plan because of limits imposed by the Internal Revenue Code of 1986. The expected benefit payments for these unfunded pension plans are not included in the table above. However, we anticipate annual benefit payments for these unfunded pension plans to be $67 million in 2018, increasing to $72 million by 2024 and then decreasing annually thereafter. Refer to Note 13 of Notes to Consolidated Financial Statements.

The Company expects to contribute $59 million in 2018 to our global pension plans, all of which will be allocated to our international plans. Refer to Note 13 of Notes to Consolidated Financial Statements. We did not include our estimated contributions to our various plans in the table above.

In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated through actuarial procedures of the insurance industry and by using industry assumptions, adjusted for our specific expectations based on our claim history. As of December 31, 2017, our self-insurance reserves totaled $480 million. Refer to Note 11 of Notes to Consolidated Financial Statements. We did not include estimated payments related to our self-insurance reserves in the table above.

Deferred income tax liabilities as of December 31, 2017 were $2,522 million. Refer to Note 14 of Notes to Consolidated Financial Statements. This amount is not included in the total contractual obligations table because we believe that presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

Additionally, as of December 31, 2017, the Company had entered into agreements related to the following future investing activities which are not included in the table above:

Under the terms of the agreement for our investment in CHI Limited, the Company is obligated to acquire the remaining ownership interest from the existing shareowners in 2019 based on an agreed-upon formula.

The Company has also agreed in principle to acquire ABI's interest in bottling operations in Zambia, Zimbabwe, Botswana, Swaziland, Lesotho, El Salvador and Honduras. We plan to hold all of these bottling operations temporarily until they can be refranchised to other partners. The Company will negotiate the terms of these transactions with ABI according to the contractual parameters. The transactions are subject to the relevant regulatory approvals.

Foreign Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to changing economic and political environments as well as to fluctuations in foreign currencies.

In 2017, we used 74 functional currencies. Due to the geographic diversity of our operations, weakness in some of these currencies might be offset by strength in others. In 2017, 2016 and 2015, the weighted-average exchange rates for foreign currencies in which the Company conducted operations (all operating currencies), and for certain individual currencies, strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**2017**	2016	2015
All operating currencies	**—%**	(5%)	(15%)
Brazilian real	**11%**	(9%)	(27%)
Mexican peso	**(2)**	(14)	(16)
Australian dollar	**3**	(1)	(17)
South African rand	**10**	(13)	(15)
British pound	**(6)**	(11)	(8)
Euro	**1**	—	(17)

Japanese yen	**(3)**	11	(14)

These percentages do not include the effects of our hedging activities and, therefore, do not reflect the actual impact of fluctuations in foreign currency exchange rates on our operating results. Our foreign currency management program is designed to mitigate, over time, a portion of the impact of exchange rate changes on our net income and earnings per share.

The total currency impact on net operating revenues, including the effect of our hedging activities, was a decrease of 1 percent and 3 percent in 2017 and 2016, respectively. The total currency impact on income from continuing operations before income taxes, including the effect of our hedging activities, was nominal in 2017 and was a decrease of 12 percent in 2016.

Foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 5 of Notes to Consolidated Financial Statements. Foreign currency exchange gains and losses are included as a component of other income (loss) — net in our consolidated financial statements. Refer to the heading "Operations Review — Other Income (Loss) — Net" above. The Company recorded foreign currency exchange losses of $57 million in 2017, foreign currency exchange losses of $246 million in 2016 and foreign currency exchange gains of $149 million in 2015.

Hyperinflationary Economies

A hyperinflationary economy is one that has cumulative inflation of 100 percent or more over a three-year period. In accordance with U.S. GAAP, local subsidiaries in hyperinflationary economies are required to use the U.S. dollar as their functional currency and remeasure the monetary assets and liabilities not denominated in U.S. dollars using the rate applicable to conversion of a currency for purposes of dividend remittances. All exchange gains and losses resulting from remeasurement are recognized currently in income.

Venezuela has been designated as a hyperinflationary economy. In February 2015, the Venezuelan government introduced a new open market exchange rate system, SIMADI. As a result, we remeasured the net monetary assets of our Venezuelan subsidiary, resulting in a charge of $27 million recorded in the line item other income (loss) — net in our consolidated statement of income.

During the year ended December 31, 2016, the Venezuelan government devalued its currency and changed its official and most preferential exchange rate, which should be used for purchases of certain essential goods, to 10 bolivars per U.S. dollar from 6.3. The official and most preferential rate is now known as DIPRO and the former official rate has been eliminated. The Venezuelan government replaced the SIMADI rate with the DICOM rate, which is allowed to float freely and is expected to fluctuate based on supply and demand. As a result, management determined that the DICOM rate was the most appropriate legally available rate to remeasure the net monetary assets of our Venezuelan subsidiary.

In addition, we sell concentrate to our bottling partner in Venezuela from outside the country. These sales are denominated in U.S. dollars. During the years ended December 31, 2016 and December 31, 2015, as a result of the continued lack of liquidity and our revised assessment of the U.S. dollar value we expect to realize upon the conversion of Venezuelan bolivars into U.S. dollars by our bottling partner to pay our concentrate sales receivables, we recorded write-downs of $76 million and $56 million, respectively. These write-downs were recorded in the line item other operating charges in our consolidated statements of income.

We also have certain U.S. dollar-denominated intangible assets associated with products sold in Venezuela. As a result of weaker sales, the volatility of foreign currency exchange rates resulting from continued instability and the Company's revised expectations regarding the convertibility of the local currency, we recognized impairment charges of $34 million and $55 million during the years ended December 31, 2017 and December 31, 2015, respectively. These charges were recorded in the line item other operating charges in our consolidated statements of income. As a result of these impairment charges, the remaining carrying value of all U.S. dollar-denominated intangible assets associated with products sold in Venezuela is zero.

Impact of Inflation and Changing Prices

Inflation affects the way we operate in many markets around the world. In general, we believe that, over time, we will be able to increase prices to counteract the majority of the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our productive capability.

Overview of Financial Position

The following table illustrates the change in the individual line items of the Company's consolidated balance sheet (in millions):

December 31,	2017	2016	Increase (Decrease)	Percent Change
Cash and cash equivalents	$ 6,006	$ 8,555	**$ (2,549)**	**(30)%**
Short-term investments	9,352	9,595	**(243)**	**(3)**
Marketable securities	5,317	4,051	**1,266**	**31**
Trade accounts receivable — net	3,667	3,856	**(189)**	**(5)**
Inventories	2,655	2,675	**(20)**	**(1)**
Prepaid expenses and other assets	2,000	2,481	**(481)**	**(19)**
Assets held for sale	219	2,797	**(2,578)**	**(92)**
Assets held for sale — discontinued operations	7,329	—	**7,329**	**—**
Equity method investments	20,856	16,260	**4,596**	**28**
Other investments	1,096	989	**107**	**11**
Other assets	4,560	4,248	**312**	**7**
Property, plant and equipment — net	8,203	10,635	**(2,432)**	**(23)**
Trademarks with indefinite lives	6,729	6,097	**632**	**10**
Bottlers' franchise rights with indefinite lives	138	3,676	**(3,538)**	**(96)**
Goodwill	9,401	10,629	**(1,228)**	**(12)**
Other intangible assets	368	726	**(358)**	**(49)**
Total assets	$ 87,896	$ 87,270	**$ 626**	**1 %**
Accounts payable and accrued expenses	$ 8,748	$ 9,490	**$ (742)**	**(8)%**
Loans and notes payable	13,205	12,498	**707**	**6**
Current maturities of long-term debt	3,298	3,527	**(229)**	**(6)**
Accrued income taxes	410	307	**103**	**34**
Liabilities held for sale	37	710	**(673)**	**(95)**
Liabilities held for sale — discontinued operations	1,496	—	**1,496**	**—**
Long-term debt	31,182	29,684	**1,498**	**5**
Other liabilities	8,021	4,081	**3,940**	**97**
Deferred income taxes	2,522	3,753	**(1,231)**	**(33)**
Total liabilities	$ 68,919	$ 64,050	**$ 4,869**	**8 %**
Net assets	$ 18,977	$ 23,220	**$ (4,243)** [1]	**(18)%**

[1] Includes an increase in net assets of $861 million resulting from foreign currency translation adjustments in various balance sheet line items.

The increases (decreases) in the table above include the impact of the following transactions and events:

- Assets held for sale and liabilities held for sale decreased primarily due to the North America and China bottling refranchising activities. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

- Assets held for sale — discontinued operations and liabilities held for sale — discontinued operations increased as a result of CCBA meeting the criteria to be classified as held for sale. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

- Equity method investments increased primarily due to our new investments in AC Bebidas and CCBJI. Refer to Note 2 and Note 17 of Notes to Consolidated Financial Statements for additional information.

- Property, plant and equipment, bottlers' franchise rights with indefinite lives and goodwill decreased primarily as a result of additional North America bottling territories being refranchised as well as impairment charges recorded. Refer to Note 2 and Note 16 of Notes to Consolidated Financial Statements for additional information.

- Other liabilities increased and deferred income taxes decreased primarily due to the Tax Reform Act signed into law on December 22, 2017. Refer to Note 14 of Notes to Consolidated Financial Statements for additional information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Company uses derivative financial instruments primarily to reduce our exposure to adverse fluctuations in foreign currency exchange rates, interest rates, commodity prices and other market risks. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all of our derivative positions are used to reduce risk by hedging an underlying economic exposure. Because of the high correlation between the hedging instrument and the underlying exposure, fluctuations in the value of the instruments are generally offset by reciprocal changes in the value of the underlying exposure. The Company generally hedges anticipated exposures up to 36 months in advance; however, the majority of our derivative instruments expire within 24 months or less. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

We monitor our exposure to financial market risks using several objective measurement systems, including a sensitivity analysis to measure our exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Refer to Note 5 of Notes to Consolidated Financial Statements for additional information about our hedging transactions and derivative financial instruments.

Foreign Currency Exchange Rates

We manage most of our foreign currency exposures on a consolidated basis, which allows us to net certain exposures and take advantage of any natural offsets. In 2017, we used 74 functional currencies and generated $20,683 million of our net operating revenues from operations outside the United States; therefore, weaknesses in some currencies might be offset by strengths in other currencies over time. We use derivative financial instruments to further reduce our net exposure to foreign currency fluctuations.

Our Company enters into forward exchange contracts and purchases foreign currency options (principally euros and Japanese yen) and collars to hedge certain portions of forecasted cash flows denominated in foreign currencies. Additionally, we enter into forward exchange contracts to offset the earnings impact related to foreign currency fluctuations on certain monetary assets and liabilities. We also enter into forward exchange contracts as hedges of net investments in foreign operations.

The total notional values of our foreign currency derivatives were $13,057 million and $14,464 million as of December 31, 2017 and 2016, respectively. These values include derivative instruments that are designated and qualify for hedge accounting as well as economic hedges. The fair value of the contracts that qualify for hedge accounting resulted in a net unrealized gain of $22 million as of December 31, 2017. At the end of 2017, we estimate that a 10 percent weakening of the U.S. dollar would have eliminated the net unrealized gain and created a net unrealized loss of $253 million. The fair value of the contracts that do not qualify for hedge accounting resulted in a net unrealized loss of $50 million, and we estimate that a 10 percent weakening of the U.S. dollar would have increased the net unrealized loss to $105 million.

Interest Rates

The Company is subject to interest rate volatility with regard to existing and future issuances of debt. We monitor our mix of fixed-rate and variable-rate debt as well as our mix of short-term debt and long-term debt. From time to time, we enter into interest rate swap agreements to manage our exposure to interest rate fluctuations.

Based on the Company's variable-rate debt and derivative instruments outstanding as of December 31, 2017, we estimate that a 1 percentage point increase in interest rates would have increased interest expense by $252 million in 2017. However, this increase in interest expense would have been partially offset by the increase in interest income related to higher interest rates.

The Company is subject to interest rate risk related to its investments in highly liquid securities. These investments are primarily managed by external managers within the guidelines of the Company's investment policy. Our policy requires these investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss. In addition, our policy limits the amount of credit exposure to any one issuer. We estimate that a 1 percentage point increase in interest rates would result in a $97 million decrease in the fair value of our portfolio of highly liquid securities.

Commodity Prices

The Company is subject to market risk with respect to commodity price fluctuations, principally related to our purchases of sweeteners, metals, juices, PET and fuels. We manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing and distribution business. When deemed appropriate, we use derivative financial

instruments to manage our exposure to commodity risks. Certain of these derivatives do not qualify for hedge accounting, but they are effective economic hedges that help the Company mitigate the price risk associated with the purchases of materials used in our manufacturing processes and the fuel used to operate our extensive vehicle fleet.

Open commodity derivatives that qualify for hedge accounting had notional values of $35 million and $12 million as of December 31, 2017 and 2016, respectively. The fair value of the contracts that qualify for hedge accounting resulted in a net

unrealized loss of $5 million. The potential change in fair value of these commodity derivative instruments, assuming a 10 percent decrease in underlying commodity prices, would have increased the net unrealized loss to $6 million.

Open commodity derivatives that do not qualify for hedge accounting had notional values of $357 million and $447 million as of December 31, 2017 and 2016, respectively. The fair value of the contracts that do not qualify for hedge accounting resulted in a net unrealized gain of $20 million. The potential change in fair value of these commodity derivative instruments, assuming a 10 percent decrease in underlying commodity prices, would have eliminated the net unrealized gain and created a net unrealized loss of $18 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	2017	2016	2015
(In millions except per share data)			
NET OPERATING REVENUES	**$ 35,410**	$ 41,863	$ 44,294
Cost of goods sold	**13,256**	16,465	17,482
GROSS PROFIT	**22,154**	25,398	26,812
Selling, general and administrative expenses	**12,496**	15,262	16,427
Other operating charges	**2,157**	1,510	1,657
OPERATING INCOME	**7,501**	8,626	8,728
Interest income	**677**	642	613
Interest expense	**841**	733	856
Equity income (loss) — net	**1,071**	835	489
Other income (loss) — net	**(1,666)**	(1,234)	631
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**6,742**	8,136	9,605
Income taxes from continuing operations	**5,560**	1,586	2,239
NET INCOME FROM CONTINUING OPERATIONS	**1,182**	6,550	7,366
Income from discontinued operations (net of income taxes of $47, $0 and $0, respectively)	**101**	—	—
CONSOLIDATED NET INCOME	**1,283**	6,550	7,366
Less: Net income attributable to noncontrolling interests	**35**	23	15
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 1,248**	$ 6,527	$ 7,351
Basic net income per share from continuing operations[1]	**$ 0.28**	$ 1.51	$ 1.69
Basic net income per share from discontinued operations[2]	**0.02**	—	—
BASIC NET INCOME PER SHARE	**$ 0.29** [3]	$ 1.51	$ 1.69
Diluted net income per share from continuing operations[1]	**$ 0.27**	$ 1.49	$ 1.67
Diluted net income per share from discontinued operations[2]	**0.02**	—	—
DILUTED NET INCOME PER SHARE	**$ 0.29**	$ 1.49	$ 1.67
AVERAGE SHARES OUTSTANDING — BASIC	**4,272**	4,317	4,352
Effect of dilutive securities	**52**	50	53
AVERAGE SHARES OUTSTANDING — DILUTED	**4,324**	4,367	4,405

[1] Calculated based on net income from continuing operations less net income from continuing operations attributable to noncontrolling interests.

[2] Calculated based on net income from discontinued operations less net income from discontinued operations attributable to noncontrolling interests.

[3] Per share amounts do not add due to rounding.

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31,		**2017**		2016		2015
(In millions)						
CONSOLIDATED NET INCOME	**$**	**1,283**	$	6,550	$	7,366
Other comprehensive income:						
Net foreign currency translation adjustment		**861**		(626)		(3,959)
Net gain (loss) on derivatives		**(433)**		(382)		142
Net unrealized gain (loss) on available-for-sale securities		**188**		17		(684)
Net change in pension and other benefit liabilities		**322**		(53)		86
TOTAL COMPREHENSIVE INCOME (LOSS)		**2,221**		5,506		2,951
Less: Comprehensive income (loss) attributable to noncontrolling interests		**73**		10		(3)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$**	**2,148**	$	5,496	$	2,954

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,	**2017**	2016
(In millions except par value)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 6,006**	$ 8,555
Short-term investments	**9,352**	9,595
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	**15,358**	18,150
Marketable securities	**5,317**	4,051
Trade accounts receivable, less allowances of $477 and $466, respectively	**3,667**	3,856
Inventories	**2,655**	2,675
Prepaid expenses and other assets	**2,000**	2,481
Assets held for sale	**219**	2,797
Assets held for sale — discontinued operations	**7,329**	—
TOTAL CURRENT ASSETS	**36,545**	34,010
EQUITY METHOD INVESTMENTS	**20,856**	16,260
OTHER INVESTMENTS	**1,096**	989
OTHER ASSETS	**4,560**	4,248
PROPERTY, PLANT AND EQUIPMENT — net	**8,203**	10,635
TRADEMARKS WITH INDEFINITE LIVES	**6,729**	6,097
BOTTLERS' FRANCHISE RIGHTS WITH INDEFINITE LIVES	**138**	3,676
GOODWILL	**9,401**	10,629
OTHER INTANGIBLE ASSETS	**368**	726
TOTAL ASSETS	**$ 87,896**	$ 87,270
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 8,748**	$ 9,490
Loans and notes payable	**13,205**	12,498
Current maturities of long-term debt	**3,298**	3,527
Accrued income taxes	**410**	307
Liabilities held for sale	**37**	710
Liabilities held for sale — discontinued operations	**1,496**	—
TOTAL CURRENT LIABILITIES	**27,194**	26,532
LONG-TERM DEBT	**31,182**	29,684
OTHER LIABILITIES	**8,021**	4,081
DEFERRED INCOME TAXES	**2,522**	3,753
THE COCA-COLA COMPANY SHAREOWNERS' EQUITY		
Common stock, $0.25 par value; Authorized — 11,200 shares; Issued — 7,040 and 7,040 shares, respectively	**1,760**	1,760
Capital surplus	**15,864**	14,993
Reinvested earnings	**60,430**	65,502
Accumulated other comprehensive income (loss)	**(10,305)**	(11,205)
Treasury stock, at cost — 2,781 and 2,752 shares, respectively	**(50,677)**	(47,988)
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**17,072**	23,062
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**1,905**	158
TOTAL EQUITY	**18,977**	23,220

TOTAL LIABILITIES AND EQUITY	**$ 87,896**	$ 87,270

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,	**2017**	2016	2015
(In millions)			
OPERATING ACTIVITIES			
Consolidated net income	**$ 1,283**	$ 6,550	$ 7,366
(Income) loss from discontinued operations	**(101)**	—	—
Net income from continuing operations	**1,182**	6,550	7,366
Depreciation and amortization	**1,260**	1,787	1,970
Stock-based compensation expense	**219**	258	236
Deferred income taxes	**(1,256)**	(856)	73
Equity (income) loss — net of dividends	**(628)**	(449)	(122)
Foreign currency adjustments	**281**	158	(137)
Significant (gains) losses on sales of assets — net	**1,459**	1,146	(374)
Other operating charges	**1,218**	647	929
Other items	**(269)**	(224)	744
Net change in operating assets and liabilities	**3,529**	(221)	(157)
Net cash provided by operating activities	**6,995**	8,796	10,528
INVESTING ACTIVITIES			
Purchases of investments	**(16,520)**	(15,499)	(15,831)
Proceeds from disposals of investments	**15,911**	16,624	14,079
Acquisitions of businesses, equity method investments and nonmarketable securities	**(3,900)**	(838)	(2,491)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	**3,821**	1,035	565
Purchases of property, plant and equipment	**(1,675)**	(2,262)	(2,553)
Proceeds from disposals of property, plant and equipment	**104**	150	85
Other investing activities	**(126)**	(209)	(40)
Net cash provided by (used in) investing activities	**(2,385)**	(999)	(6,186)
FINANCING ACTIVITIES			
Issuances of debt	**29,857**	27,281	40,434
Payments of debt	**(28,768)**	(25,615)	(37,738)
Issuances of stock	**1,595**	1,434	1,245
Purchases of stock for treasury	**(3,682)**	(3,681)	(3,564)
Dividends	**(6,320)**	(6,043)	(5,741)
Other financing activities	**(91)**	79	251
Net cash provided by (used in) financing activities	**(7,409)**	(6,545)	(5,113)
CASH FLOWS FROM DISCONTINUED OPERATIONS			
Net cash provided by (used in) operating activities from discontinued operations	**111**	—	—
Net cash provided by (used in) investing activities from discontinued operations	**(65)**	—	—
Net cash provided by (used in) financing activities from discontinued operations	**(38)**	—	—
Net cash provided by (used in) discontinued operations	**8**	—	—
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**242**	(6)	(878)

CASH AND CASH EQUIVALENTS			
Net increase (decrease) during the year	**(2,549)**	1,246	(1,649)
Balance at beginning of year	**8,555**	7,309	8,958
Balance at end of year	**$ 6,006**	$ 8,555	$ 7,309

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31,	**2017**	2016	2015
(In millions except per share data)			
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY			
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	**4,288**	4,324	4,366
Treasury stock issued to employees related to stock compensation plans	**53**	50	44
Purchases of stock for treasury	**(82)**	(86)	(86)
Balance at end of year	**4,259**	4,288	4,324
COMMON STOCK	**$ 1,760**	$ 1,760	$ 1,760
CAPITAL SURPLUS			
Balance at beginning of year	**14,993**	14,016	13,154
Stock issued to employees related to stock compensation plans	**655**	589	532
Tax benefit (charge) from stock compensation plans	**—**	130	94
Stock-based compensation expense	**219**	258	236
Other activities	**(3)**	—	—
Balance at end of year	**15,864**	14,993	14,016
REINVESTED EARNINGS			
Balance at beginning of year	**65,502**	65,018	63,408
Net income attributable to shareowners of The Coca-Cola Company	**1,248**	6,527	7,351
Dividends (per share — $1.48, $1.40 and $1.32 in 2017, 2016 and 2015, respectively)	**(6,320)**	(6,043)	(5,741)
Balance at end of year	**60,430**	65,502	65,018
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	**(11,205)**	(10,174)	(5,777)
Net other comprehensive income (loss)	**900**	(1,031)	(4,397)
Balance at end of year	**(10,305)**	(11,205)	(10,174)
TREASURY STOCK			
Balance at beginning of year	**(47,988)**	(45,066)	(42,225)
Treasury stock issued to employees related to stock compensation plans	**909**	811	696
Purchases of stock for treasury	**(3,598)**	(3,733)	(3,537)
Balance at end of year	**(50,677)**	(47,988)	(45,066)
TOTAL EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 17,072**	$ 23,062	$ 25,554
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Balance at beginning of year	**$ 158**	$ 210	$ 241
Net income attributable to noncontrolling interests	**35**	23	15
Net foreign currency translation adjustment	**38**	(13)	(18)
Dividends paid to noncontrolling interests	**(15)**	(25)	(31)
Contributions by noncontrolling interests	**—**	1	—

Business combinations	**1,805**	—	(3)
Deconsolidation of certain entities	**(157)**	(34)	—
Other activities	**41**	(4)	6
TOTAL EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**$ 1,905**	$ 158	$ 210

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Coca-Cola Company is the world's largest beverage company. We own or license and market more than 500 nonalcoholic beverage brands, which we group into the following category clusters: sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. We own and market four of the world's top five nonalcoholic sparkling soft drink brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries.

We make our branded beverage products available to consumers throughout the world through our network of Company-owned or -controlled bottling and distribution operations, as well as independent bottling partners, distributors, wholesalers and retailers — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed to us account for more than 1.9 billion of the approximately 60 billion servings of all beverages consumed worldwide every day.

Our Company markets, manufactures and sells:

- beverage concentrates, sometimes referred to as "beverage bases," and syrups, including fountain syrups (we refer to this part of our business as our "concentrate business" or "concentrate operations"); and

- finished sparkling soft drinks and other nonalcoholic beverages (we refer to this part of our business as our "finished product business" or "finished product operations").

Generally, finished product operations generate higher net operating revenues but lower gross profit margins than concentrate operations.

In our concentrate operations, we typically generate net operating revenues by selling concentrates and syrups to authorized bottling operations (to which we typically refer as our "bottlers" or our "bottling partners"). Our bottling partners either combine the concentrates with sweeteners (depending on the product), still water and/or sparkling water, or combine the syrups with sparkling water to produce finished beverages. The finished beverages are packaged in authorized containers — such as cans and refillable and nonrefillable glass and plastic bottles — bearing our trademarks or trademarks licensed to us and are then sold to retailers directly or, in some cases, through wholesalers or other bottlers. Outside the United States, we also sell concentrates for fountain beverages to our bottling partners who are typically authorized to manufacture fountain syrups, which they sell to fountain retailers such as restaurants and convenience stores which use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers who in turn sell and distribute the fountain syrups to fountain retailers.

Our finished product operations consist primarily of Company-owned or -controlled bottling, sales and distribution operations which are included in our Bottling Investments operating segment. Our finished product operations generate net operating revenues by selling sparkling soft drinks and a variety of other nonalcoholic beverages, including water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks, to retailers or to distributors, wholesalers and bottling partners who distribute them to retailers. In addition, in the United States, we manufacture fountain syrups and sell them to fountain retailers, such as restaurants and convenience stores who use the fountain syrups to produce beverages for immediate consumption, or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers. These fountain syrup sales are included in our North America operating segment. We authorize these wholesalers to resell our fountain syrups through nonexclusive appointments that neither restrict us in setting the prices at which we sell fountain syrups to the wholesalers nor restrict the territories in which the wholesalers may resell in the United States.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our consolidated financial statements

requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from

these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Certain amounts in the prior years' consolidated financial statements and accompanying notes have been revised to conform to the current year presentation.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were not determined to be the primary beneficiary. Our variable interests in these VIEs primarily relate to equity investments, profit guarantees or subordinated financial support. Refer to Note 11. Although these financial arrangements resulted in our holding variable interests in these entities, they did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Our Company's investments, plus any loans and guarantees, and other subordinated financial support related to these VIEs totaled $4,523 million and $3,709 million as of December 31, 2017 and 2016, respectively, representing our maximum exposures to loss. The Company's investments, plus any loans and guarantees, related to these VIEs were not individually significant to the Company's consolidated financial statements.

In addition, our Company holds interests in certain VIEs, primarily bottling and container manufacturing operations, for which we were determined to be the primary beneficiary. As a result, we have consolidated these entities. Our Company's investments, plus any loans and guarantees, related to these VIEs totaled $1 million and $203 million as of December 31, 2017 and 2016, respectively, representing our maximum exposures to loss. The assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

Creditors of our VIEs do not have recourse against the general credit of the Company, regardless of whether they are accounted for as consolidated entities.

We use the equity method to account for investments in companies if our investment provides us with the ability to exercise significant influence over operating and financial policies of the investee. Our consolidated net income includes our Company's proportionate share of the net income or loss of these companies. Our judgment regarding the level of influence over each equity method investee includes considering key factors such as our ownership interest, representation on the board of directors, participation in policy-making decisions, other commercial arrangements and material intercompany transactions.

We eliminate from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs and the intercompany portion of transactions with equity method investees.

Assets and Liabilities Held for Sale

Our Company classifies long-lived assets or disposal groups to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated; the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset or disposal group beyond one year; the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and 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.

We initially measure a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held-for-sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. We assess the fair value of a long-lived asset or disposal group less any costs to sell each reporting period it remains classified

as held for sale and report any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Company ceases depreciation and reports long-lived assets and/or the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale, respectively, in our consolidated balance sheet. Refer to Note 2.

Discontinued Operations

When the following criteria are met: the disposal group is a component of an entity, the component of the entity meets the held for sale criteria in accordance with our policy described above and the component of the entity represents a strategic shift in the entity's operating and financial results, the disposal group is classified as a discontinued operation. Alternatively, if a business meets the criteria for held for sale on the acquisition date, the business is accounted for as a discontinued operation. In October 2017, the Company and Anheuser-Busch InBev ("ABI") completed the transition of ABI's controlling interest in Coca-Cola Beverages Africa Proprietary Limited ("CCBA") to the Company for $3,150 million, resulting in its consolidation. As CCBA met the criteria for held for sale upon consolidation, we have presented the financial position and results of operations of CCBA as discontinued operations in the accompanying consolidated financial statements.

Revenue Recognition

Our Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of products has occurred, the sales price charged is fixed or determinable, and collectibility is reasonably assured. For our Company, this generally means that we recognize revenue when title to our products is transferred to our bottling partners, resellers or other customers. In particular, title usually transfers upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of the transactions. Our sales terms do not allow for a right of return except for matters related to any manufacturing defects on our part.

Deductions from Revenue

Our customers can earn certain incentives including, but not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. The costs associated with these incentives are included in deductions from revenue, a component of net operating revenues in our consolidated statements of income. For customer incentives that must be earned, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts earned and to be recorded in deductions from revenue. In making these estimates, management considers past results. The actual amounts ultimately paid may be different from our estimates.

In some situations, the Company may determine it to be advantageous to make advance payments to specific customers to fund certain marketing activities intended to generate profitable volume and/or invest in infrastructure programs with our bottlers that are directed at strengthening our bottling system and increasing unit case volume. The Company also makes advance payments to certain customers for distribution rights. The advance payments made to customers are initially capitalized and included in our consolidated balance sheets in prepaid expenses and other assets and noncurrent other assets, depending on the duration of the agreements. The assets are amortized over the applicable periods and included in deductions from revenue. The duration of these agreements typically ranges up to 10 years.

Amortization expense for infrastructure programs was $36 million, $45 million and $61 million in 2017, 2016 and 2015, respectively. The aggregate deductions from revenue recorded by the Company in relation to these programs, including amortization expense on infrastructure programs, were $6.2 billion, $6.6 billion and $6.8 billion in 2017, 2016 and 2015, respectively.

Advertising Costs

Our Company expenses production costs of print, radio, television and other advertisements as of the first date the advertisements take place. All other marketing expenditures are expensed in the annual period in which the expenditure is incurred. Advertising costs included in the line item selling, general and administrative expenses in our consolidated statements of income were $4 billion in 2017, 2016 and 2015. As of December 31, 2017 and 2016, advertising and production costs of $95 million and $113 million, respectively, were primarily recorded in the line item prepaid expenses and other assets in our consolidated balance sheets.

For interim reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple interim periods to each of our interim reporting periods. We use the proportion of each interim period's actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each interim reporting period, we review our estimated full year unit case volume and our estimated full year marketing expenditures in order to evaluate if a change in estimate is necessary. The

impact of any changes in these full year estimates is recognized in the interim period in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated statements of income. Shipping and handling costs incurred to move finished goods from our sales distribution centers to customer locations are included in the line item selling, general and administrative expenses in our consolidated statements of income. During the years ended December 31, 2017, 2016 and 2015, the Company recorded shipping and handling costs of $1.1 billion, $2.0 billion and $2.5 billion, respectively, in the line item selling, general and administrative expenses. Our customers do not pay us separately for shipping and handling costs related to finished goods.

Net Income Per Share

Basic net income per share is computed by dividing net income attributable to shareowners of The Coca-Cola Company by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per share is computed similarly to basic net income per share, except that it includes the potential dilution that could occur if dilutive securities were exercised. Approximately 47 million, 51 million and 27 million stock option awards were excluded from the computations of diluted net income per share in 2017, 2016 and 2015, respectively, because the awards would have been antidilutive for the years presented.

The following table presents information related to net income from continuing operations and net income from discontinued operations attributable to shareowners of The Coca-Cola Company (in millions):

Year Ended December 31,	**2017**	2016	2015
CONTINUING OPERATIONS			
Net income from continuing operations	**$ 1,182**	$ 6,550	$ 7,366
Less: Net income from continuing operations attributable to noncontrolling interests	**1**	23	15
Net income from continuing operations attributable to shareowners of The Coca-Cola Company	**$ 1,181**	$ 6,527	$ 7,351
DISCONTINUED OPERATIONS			
Net income from discontinued operations	**$ 101**	$ —	$ —
Less: Net income from discontinued operations attributable to noncontrolling interests	**34**	—	—
Net income from discontinued operations attributable to shareowners of The Coca-Cola Company	**$ 67**	$ —	$ —
CONSOLIDATED			
Consolidated net income	**$ 1,283**	$ 6,550	$ 7,366
Less: Net income attributable to noncontrolling interests	**35**	23	15
Net income attributable to shareowners of The Coca-Cola Company	**$ 1,248**	$ 6,527	$ 7,351

Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our credit risk concentrations.

Short-Term Investments

We classify time deposits and other investments that have maturities of greater than three months but less than one year as short-term investments.

Investments in Equity and Debt Securities

We use the equity method to account for our investments in equity securities if our investment gives us the ability to exercise significant influence over operating and financial policies of the investee. We include our proportionate share of earnings and/or losses of our equity method investees in equity income (loss) — net in our consolidated

statements of income. The carrying value of our equity investments is reported in equity method investments in our consolidated balance sheets. Refer to Note 6.

We account for investments in companies that we do not control or account for under the equity method either at fair value or under the cost method, as applicable. Investments in equity securities, other than investments accounted for under the equity method, are carried at fair value if the fair value of the security is readily determinable. Equity investments carried at fair value are classified as either trading or available-for-sale securities with their cost basis determined by the specific identification method. Realized and unrealized gains and losses on trading securities and realized gains and losses on available-for-sale securities are included in other income (loss) — net in our consolidated statements of income. Unrealized gains and losses, net of deferred taxes, on available-for-sale securities are included in our consolidated balance sheets as a component of accumulated other comprehensive income (loss) ("AOCI"), except for the change in fair value attributable to the currency risk being hedged, if applicable, which is included in other income (loss) — net in our consolidated statements of income. Trading securities are reported as either marketable securities or other assets in our consolidated balance sheets. Securities classified as available-for-sale are reported as either cash and cash equivalents, marketable securities, other investments or other assets in our consolidated balance sheets, depending on the length of time we intend to hold the investment. Refer to Note 3.

Investments in equity securities that we do not control or account for under the equity method and do not have readily determinable fair values for are accounted for under the cost method. Cost method investments are originally recorded at cost, and we record dividend income when applicable dividends are declared. Cost method investments are reported as other investments in our consolidated balance sheets, and dividend income from cost method investments is reported in the line item other income (loss) — net in our consolidated statements of income.

Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale.

Each reporting period we review all of our investments in equity and debt securities, except for those classified as trading, to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis exceeded the fair value. The fair values of most of our investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds, and appraisals, as appropriate. We consider the assumptions that we believe hypothetical marketplace participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies.

In the event the fair value of an investment declines below our cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Trade Accounts Receivable

We record trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on our history of write-offs, the level of past-due accounts based on the contractual terms of the receivables, and our relationships with, and the economic status of, our bottling partners and customers. We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Activity in the allowance for doubtful accounts was as follows (in millions):

Year Ended December 31,		**2017**		2016		2015
Balance at beginning of year	**$**	**466**	$	352	$	331
Net charges to costs and expenses[1]		**32**		126		45
Write-offs		**(10)**		(10)		(10)
Other[2]		**(11)**		(2)		(14)
Balance at end of year	**$**	**477**	$	466	$	352

[1] The increases in 2016 were primarily related to concentrate sales receivables from our bottling partner in Venezuela. See Hyperinflationary Economies discussion below for additional information.

[2] Other includes foreign currency translation adjustments and the impact of reclassifying certain assets to assets held for sale. Refer to Note 2.

A significant portion of our net operating revenues and corresponding accounts receivable is derived from sales of our products in international markets. Refer to Note 19. We also generate a significant portion of our net operating revenues by selling concentrates and syrups to bottlers in which we have a noncontrolling interest. Refer to Note 6.

Inventories

Inventories consist primarily of raw materials and packaging (which includes ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate operations and finished beverages in our finished product operations). Inventories are valued at the lower of cost or net realizable value. We determine cost on the basis of the average cost or first-in, first-out methods. Refer to Note 4.

Derivative Instruments

Our Company, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk. All derivatives are carried at fair value in our consolidated balance sheets in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The cash flow impact of the Company's derivative instruments is primarily included in our consolidated statements of cash flows in net cash provided by operating activities. Refer to Note 5.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets, which are reviewed periodically and generally have the following ranges: buildings and improvements: 40 years or less; and machinery, equipment and vehicle fleet: 20 years or less. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term, including renewals that are deemed to be reasonably assured, or the estimated useful life of the improvement. Depreciation is not recorded during the period in which a long-lived asset or disposal group is classified as held for sale, even if the asset or disposal group continues to generate revenue during the period. Depreciation expense, including the depreciation expense of assets under capital lease, totaled $1,131 million, $1,575 million and $1,735 million in 2017, 2016 and 2015, respectively. Amortization expense for leasehold improvements totaled $19 million, $22 million and $18 million in 2017, 2016 and 2015, respectively.

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment,

including appraisals and discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use. Refer to Note 7.

Goodwill, Trademarks and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging from 1 to 20 years. Refer to Note 8.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment reviews as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, rather than completing the impairment test. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as "business units." These business units are also our reporting units. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination.

In order to test for goodwill impairment, the Company compares the fair value of the reporting unit to its carrying value,
including goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a hypothetical marketplace participant would use. The Company has the option to perform a qualitative assessment of goodwill in order to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the testing discussed above. Otherwise, the Company does not need to perform any further testing.

Impairment charges related to intangible assets, including goodwill, are generally recorded in the line item other operating charges or, to the extent they relate to equity method investees, in the line item equity income (loss) — net in our consolidated statements of income.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between

affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Refer to Note 11.

Stock-Based Compensation

Our Company sponsors equity plans that provide for the grant of awards including stock options, restricted stock units, restricted stock and performance share units. The fair value of our stock option grants is estimated on the grant date using a Black-Scholes-Merton option-pricing model. The Company recognizes compensation expense on a straight-line basis over the period the grant is earned by the employee, generally four years.

The fair value of our restricted stock units, restricted stock and certain performance share units is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the relevant period. For most performance share units granted beginning in 2014, the Company includes a relative total shareowner return ("TSR") modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of performance share units that include the TSR modifier is determined using a Monte Carlo valuation model.

In the period it becomes probable that the minimum performance criteria specified in the performance share award will be achieved, we recognize expense for the proportionate share of the total fair value of the award related to the vesting period that has already lapsed. The remaining fair value of the award is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum performance criteria specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made. The Company has made a policy election to estimate the number of awards that are expected to vest to determine the amount of stock-based compensation expense recognized in earnings. Forfeiture estimates are trued-up through the vesting date, in order to ensure that total compensation expense is recognized only for those awards that ultimately vest. Refer to Note 12.

Pension and Other Postretirement Benefit Plans

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates and participate in multi-employer pension plans in the United States. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States. Refer to Note 13.

Income Taxes

Income tax expense includes U.S., state, local and international income taxes, plus a provision for U.S. taxes on undistributed earnings of foreign subsidiaries and other prescribed foreign entities not deemed to be indefinitely reinvested. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. The Company records taxes that are collected from customers and remitted to governmental authorities on a net basis in our consolidated statements of income.

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained, (2) the tax position is "more likely than not" to be sustained, but for a lesser amount, or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. The number of years subject to tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/

or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Refer to Note 11 and Note 14.

Translation and Remeasurement

We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Generally, our foreign subsidiaries use the local currency as their functional currency. Changes in the carrying value of these assets and liabilities attributable to fluctuations in spot rates are recognized in foreign currency translation adjustment, a component of AOCI. Refer to Note 15. Income statement accounts are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is recognized in the line item other income (loss) — net in our consolidated statements of income and is partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 5.

Hyperinflationary Economies

A hyperinflationary economy is one that has cumulative inflation of 100 percent or more over a three-year period. In accordance with U.S. GAAP, local subsidiaries in hyperinflationary economies are required to use the U.S. dollar as their functional currency and remeasure the monetary assets and liabilities not denominated in U.S. dollars using the rate applicable to conversion of a currency for purposes of dividend remittances. All exchange gains and losses resulting from remeasurement are recognized currently in income.

Venezuela has been designated as a hyperinflationary economy. In February 2015, the Venezuelan government introduced a new open market exchange rate system, SIMADI. As a result, we remeasured the net monetary assets of our Venezuelan subsidiary, resulting in a charge of $27 million recorded in the line item other income (loss) — net in our consolidated statement of income.

During the year ended December 31, 2016, the Venezuelan government devalued its currency and changed its official and most preferential exchange rate, which should be used for purchases of certain essential goods, to 10 bolivars per U.S. dollar from 6.3. The official and most preferential rate is now known as DIPRO and the former official rate has been eliminated. The Venezuelan government replaced the SIMADI rate with the DICOM rate, which is allowed to float freely and is expected to fluctuate based on supply and demand. As a result, management determined that the DICOM rate was the most appropriate legally available rate to remeasure the net monetary assets of our Venezuelan subsidiary.

In addition, we sell concentrate to our bottling partner in Venezuela from outside the country. These sales are denominated in U.S. dollars. During the years ended December 31, 2016 and December 31, 2015, as a result of the continued lack of liquidity and our revised assessment of the U.S. dollar value we expect to realize upon the conversion of Venezuelan bolivars into U.S. dollars by our bottling partner to pay our concentrate sales receivables, we recorded write-downs of $76 million and $56 million, respectively. These write-downs were recorded in the line item other operating charges in our consolidated statements of income.

We also have certain U.S. dollar-denominated intangible assets associated with products sold in Venezuela. As a result of weaker sales, the volatility of foreign currency exchange rates resulting from continued instability and the Company's revised expectations regarding the convertibility of the local currency, we recognized impairment charges of $34 million and $55 million during the years ended December 31, 2017 and December 31, 2015, respectively. These charges were recorded in the line item other operating charges in our consolidated statements of income. As a result of these impairment charges, the remaining carrying value of all U.S. dollar-denominated intangible assets associated with products sold in Venezuela is zero.

Refer to Note 19 for the impact these items had on our operating segments.

Recently Issued Accounting Guidance

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which will replace most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU 2014-09 allows for adoption either on a full retrospective basis to each prior reporting period presented or on a

modified retrospective basis with the cumulative effect of initially applying the new guidance recognized at the date of initial application, which will be effective for the Company beginning January 1, 2018.

The Company will adopt ASU 2014-09 and its amendments on a modified retrospective basis. We have closely assessed the new guidance, including the interpretations by the FASB Transition Resource Group for Revenue Recognition, throughout 2017. We have concluded that ASU 2014-09's broad definition of variable consideration will require the Company to estimate and record certain variable payments resulting from collaborative funding arrangements, rebates and other pricing allowances earlier than it currently does. While we do not expect this change to have a material impact on our net operating revenues on an annual basis, as revenue recognized from the sale of concentrate and finished goods occurs at a point in time when goods are transferred to the customer and the transfer of control is determined, we do expect that it will have an impact on our revenue in interim periods. The cumulative-effect adjustment upon adoption of the new revenue recognition standard as of January 1, 2018 is comprised primarily of the Company's estimated variable consideration and is expected to decrease the opening balance of retained earnings by less than $350 million, net of tax.

As a result of electing certain of the practical expedients available under the ASU, the Company expects there will be some reclassifications to or from net operating revenues, cost of goods sold, and selling, general and administrative expenses, primarily related to the classification of shipping and handling costs.

Additionally, the provisions of the new guidance provided clarification relating to the classification of certain costs incurred relating to revenue arrangements with customers. As a result, we will be classifying certain amounts in cost of goods sold or selling, general and administrative expenses that were previously classified as reductions in net operating revenues. The Company also evaluated the principal versus agent considerations as it relates to certain of its arrangements with third-party manufacturers and co-packers. We concluded that certain costs from these arrangements will be reflected in net operating revenues rather than in cost of goods sold. These changes will have no impact on the Company's consolidated operating income.

The Company has also identified and implemented changes to our accounting policies and practices, business processes, systems and controls, as well as designed and implemented specific controls over our evaluation of the impact of the new guidance on the Company, including the cumulative effect calculation, disclosure requirements and the collection of relevant data into the reporting process. While we are substantially complete with the process of quantifying the impacts that will result from applying the new guidance, our assessment will be finalized during the first quarter of 2018.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The amendments in this update are intended to simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as noncurrent in a consolidated statement of financial position. The standard was prospectively adopted by the Company on January 1, 2017. Had the Company retrospectively adopted the standard as of December 31, 2016, the line items prepaid expenses and other assets and accounts payable and accrued expenses in our consolidated balance sheet would have been reduced by $80 million and $692 million, respectively, as a result of reclassifying the current deferred tax assets and liabilities. The offsetting impact for the reclassifications as of December 31, 2016 would have increased the noncurrent line items other assets and deferred income taxes in our consolidated balance sheet by $54 million and $666 million, respectively.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. The amendment will be effective for the Company beginning January 1, 2018 and will require us to recognize any changes in the fair value of certain equity investments in net income. These changes are currently recognized in other comprehensive income ("OCI"). We have evaluated the impact of this standard and will recognize a cumulative effect adjustment to the opening balance of retained earnings as of January 1, 2018. We expect this cumulative effect adjustment to increase retained earnings by approximately $425 million.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the balance sheet for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. The Company has initiated its plan for the adoption and implementation of this new accounting standard, including assessing our lease arrangements, evaluating practical expedient and accounting policy elections, and implementing software to meet the reporting requirements of this standard. The Company is also in the process of identifying changes to our business processes and controls to support adoption of the new standard. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. ASU 2016-02 is effective for the Company beginning January 1, 2019. The Company anticipates the adoption

of this new standard to result in a significant increase in lease-related assets and liabilities on our consolidated balance sheets. The impact on the Company's consolidated statements of income is being evaluated. As the impact of this standard is non-cash in nature, we do not anticipate its adoption having an impact on the Company's consolidated statement of cash flows.

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation: Improvements to Employee Share-Based Payment Accounting*. The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. The Company adopted ASU 2016-09 on January 1, 2017 by prospectively recognizing excess tax benefits and tax deficiencies in our consolidated statement of income as the awards vested or were settled. Effective January 1, 2017, the Company also prospectively presented excess tax benefits as an operating activity, rather than a financing activity, in our consolidated statement of cash flows. Had these changes been required to be adopted retrospectively, during the years ended December 31, 2016 and December 31, 2015, the Company would have recognized an additional $130 million and $95 million, respectively, of excess tax benefits in our consolidated statements of income. Additionally, during the years ended December 31, 2016 and December 31, 2015, the Company would have reduced our financing activities and increased our operating activities by $130 million and $95 million, respectively, in our consolidated statements of cash flows. The Company has elected, consistent with past practice, to estimate the number of awards that are expected to vest to determine the amount of stock-based compensation expense recognized in earnings.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for the Company beginning January 1, 2020 and we are currently evaluating the impact that it will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU 2016-15 is effective for the Company beginning January 1, 2018 and will be applied using the retrospective transition approach to all periods presented. We expect that the only impact of the adoption of ASU 2016-15 on our consolidated statement of cash flows will be the change in presentation related to our proceeds from the settlement of corporate-owned life insurance policies. We currently reflect these proceeds in operating activities, however upon adoption of the new standard, we will reflect these proceeds in investing activities.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, which requires the Company to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 is effective for the Company beginning January 1, 2018 and will be applied using a modified retrospective basis. We currently expect the cumulative-effect adjustment will result in a net deferred tax asset of approximately $2.8 billion. This amount will primarily be recorded as a deferred tax asset in the line item other assets in our consolidated balance sheet.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*. The amendments in this update address diversity in practice that exists in the classification and presentation of changes in restricted cash and require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts that an entity defines as restricted cash for purposes of this standard or otherwise does not present in the line item cash and cash equivalents on its balance sheet. ASU 2016-18 is effective for the Company beginning January 1, 2018 and is required to be applied using a retrospective transition method to all periods presented. We expect that adoption of ASU 2016-18 will change how we report changes in cash within our insurance captives and assets held for sale in our consolidated statement of cash flows.

In January 2017, the FASB issued ASU 2017-01, *Clarifying the Definition of a Business*, which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is required to be applied prospectively and will be effective for the Company beginning January 1, 2018. The impact on our consolidated financial statements will depend on the facts and circumstances of any specific future transactions.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires that the service cost component of the Company's net periodic pension cost and net periodic postretirement benefit cost be included in the same line item as other compensation costs arising from services rendered by employees, with the non-service cost components of net periodic benefit cost being classified outside of a subtotal of income from operations. Of the components of net periodic benefit cost, only the service cost component will be eligible for asset capitalization. ASU 2017-07 is effective for the Company beginning January 1, 2018 and is required to be applied retrospectively for all periods presented. We will elect to use the practical expedient which allows entities to use information previously disclosed in their pension and other postretirement benefit plans note as the estimation basis to apply the retrospective presentation requirements in this ASU. For the years ended December 31, 2017 and 2016, we expect to reclassify $99 million and $31 million,

respectively, related to our non-service cost components of net periodic benefit cost and other benefit plan charges from operating income to other income (loss) — net in our consolidated statements of income.

In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which eliminates the requirement to separately measure and report hedge ineffectiveness and requires companies to recognize all elements of hedge accounting that impact earnings in the same income statement line item where the hedged item resides. The amendments include new alternatives for measuring the hedged item for fair value hedges of interest rate risk and ease the requirements for effectiveness testing, hedge documentation and applying the critical terms match method. Finally, the standard introduces new alternatives that permit companies to reduce the risk of material error if the shortcut method is misapplied. ASU 2017-12 is effective for the Company beginning January 1, 2019 and is required to be applied prospectively. The Company is currently evaluating the impact that ASU 2017-12 will have on our consolidated financial statements.

NOTE 2: ACQUISITIONS AND DIVESTITURES

Acquisitions

During 2017, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $3,900 million, of which $3,150 million related to the transition of ABI's 54.5 percent controlling interest in CCBA to the Company, resulting in its consolidation in October 2017. The financial position and results of operations of CCBA are being accounted for as a discontinued operation. Refer to the "Discontinued Operations" section within this note below for further details. Additionally, in conjunction with the refranchising of Coca-Cola Refreshments' ("CCR") Southwest operating unit ("Southwest Transaction"), we obtained an equity interest in AC Bebidas, S. de R.L. de C.V. ("AC Bebidas"), a subsidiary of Arca Continental, S.A.B. de C.V. ("Arca"), primarily for non-cash consideration. Refer to the "North America Refranchising" section within this note below for further details. The remaining activity primarily related to the acquisition of AdeS, a plant-based beverage business, by the Company and several of its bottling partners in Latin America, and the acquisition of the U.S. rights to the Topo Chico premium sparkling water brand from AC Bebidas, an equity method investee.

During 2016, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $838 million, which primarily related to our acquisition of Xiamen Culiangwang Beverage Technology Co., Ltd. ("China Green"), a maker of plant-based protein beverages in China, and a minority investment in CHI Limited ("CHI"), a Nigerian producer of value-added dairy and juice beverages, which is accounted for under the equity method of accounting. Under the terms of the agreement for our investment in CHI, the Company is obligated to acquire the remaining ownership interest from the existing shareowners in 2019 based on an agreed-upon formula.

During 2015, our Company's acquisitions of businesses, equity method investments and nonmarketable securities totaled $2,491 million, which primarily related to our strategic partnership with Monster Beverage Corporation ("Monster") and an investment in a bottling partner in Indonesia that is accounted for under the equity method of accounting. The bottling partner in Indonesia is a subsidiary of Coca-Cola Amatil Limited, an equity method investee. We also acquired the remaining outstanding shares of a bottling partner in South Africa ("South African bottler"), which was previously accounted for as an equity method investment. We remeasured our previously held equity interest in the South African bottler to fair value upon the close of the transaction and recorded a loss on the remeasurement of $19 million during the year ended December 31, 2015. This bottler was deconsolidated in conjunction with the Coca-Cola Beverages Africa Proprietary Limited transaction discussed further below.

Monster Beverage Corporation

In June 2015, the Company and Monster entered into a long-term strategic relationship in the global energy drink category ("Monster Transaction"). As a result of the Monster Transaction, (1) the Company purchased newly issued shares of Monster common stock representing approximately 17 percent of the outstanding shares of Monster common stock (after giving effect to the new issuance); (2) the Company sold its global energy drink business (including NOS, Full Throttle, Burn, Mother, Play and Power Play, and Relentless) to Monster, and the Company acquired Monster's non-energy drink business (including Hansen's Natural Sodas, Peace Tea, Hubert's Lemonade and Hansen's Juice Products); and (3) the parties amended their distribution coordination agreements to expand distribution of Monster products into additional territories pursuant to long-term agreements with the Company's existing network of Company-owned or -controlled bottling operations and independent distribution partners. The Company and its bottling partners ("Coca-Cola system") also became Monster's preferred global distribution partner. The Company made a net cash payment of $2,150 million to Monster, of which $125 million was originally held in escrow, subject to release upon achievement of milestones relating to the transfer of Monster's domestic distribution rights to our distribution network. The $125 million originally held in escrow was transferred to Monster in 2017 upon achievement of the related milestones.

The Monster Transaction consisted of multiple elements including the purchase of common stock, the acquisition and divestiture of businesses and the expansion of distribution territories. When consideration transferred is not solely in the form of cash, measurement is based on either the cost to the acquiring entity (the fair value of the assets given) or the fair value of the assets acquired, whichever is more clearly evident and, thus, more reliably measurable. As the majority of the consideration

transferred was cash, we believe the fair value of the consideration transferred is more reliably measurable. The consideration transferred consists of $2,150 million of cash (including $125 million initially held in escrow) and the fair value of our global energy business of $2,046 million, which we determined using discounted cash flow analyses, resulting in total consideration transferred of $4,196 million.

As such, we have allocated the total consideration transferred to the individual assets and business acquired based on a relative fair value basis, using the closing date fair values of each element, as follows (in millions):

	June 12, 2015
Equity investment in Monster	$ 3,066
Expansion of distribution territories	1,035
Monster non-energy drink business	95
Total assets and business acquired	$ 4,196

In addition to our ownership interest in Monster's outstanding common stock, the Company is represented by two directors on Monster's 10 member Board of Directors. Based on our equity ownership percentage, the significance that our expanded distribution and coordination agreements have on Monster's operations, and our representation on Monster's Board of Directors, the Company is accounting for its interest in Monster as an equity method investment.

As a result of the Monster Transaction, the North America Coca-Cola system obtained the right to distribute Monster products in territories for which it was not previously the authorized distributor ("expanded territories"). These distribution rights are governed by an agreement with an initial term of 20 years, after which it will continue to remain in effect unless otherwise terminated by either party, and there are no future costs of renewal. As such, these rights were determined to be indefinite-lived intangible assets and were classified in the line item bottlers' franchise rights with indefinite lives on our consolidated balance sheet. At the time of the Monster Transaction, CCR was the distributor in the majority of the expanded territories. The remainder of the territories were serviced by independent bottling partners. Of the $1,035 million allocated to the expanded distribution rights, the Company derecognized $341 million related to the expanded territories serviced by the independent bottling partners upon the close of the transaction. As consideration for these rights, the Company received an upfront payment of $28 million related to these territories, and we will receive a payment per case on all future sales made by these independent bottlers for the duration of the distribution agreements. As these payments are dependent on future sales, they are a form of contingent consideration. We elected to account for this consideration in the same manner as the contingent consideration to be received in the North America refranchising, discussed below. This resulted in a net loss of $313 million recorded in the line item other income (loss) — net in our consolidated statement of income during the year ended December 31, 2015.

During the year ended December 31, 2015, the Company recognized a gain of $1,715 million on the sale of our global energy drink business, primarily due to the difference in the recorded carrying value of the assets transferred, including an allocated portion of goodwill, compared to the value of the total assets and business acquired. After considering the loss resulting from the derecognition of the expanded territory rights serviced by the independent bottling partners, the net gain recognized on the Monster Transaction was $1,403 million, which was recorded in the line item other income (loss) — net in our consolidated statement of income. Additionally, under the terms of the Monster Transaction, we were required to discontinue selling energy products under certain trademarks, including one trademark in the glacéau portfolio. The Company recognized an impairment charge of $380 million upon closing, primarily related to the discontinuation of the energy products in the glacéau portfolio, which was recorded in the line item other operating charges in our consolidated statement of income.

During the year ended December 31, 2015, based on the relative fair values of the total assets and business acquired, $1,620 million of the $2,150 million cash payment made was classified in the line item acquisitions of businesses, equity method investments and nonmarketable securities in our consolidated statement of cash flows. The remaining $530 million was classified in the line item other investing activities in our consolidated statement of cash flows.

Divestitures

During 2017, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $3,821 million, primarily related to proceeds from the refranchising of certain of our bottling territories in North America and our China bottling operations.

During 2016, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $1,035 million, primarily related to proceeds from the refranchising of certain of our bottling territories in North America.

During 2015, proceeds from disposals of businesses, equity method investments and nonmarketable securities totaled $565 million, which included proceeds from the refranchising of certain of our bottling territories in North America and

proceeds from the sale of a 10 percent interest in a Brazilian bottling partner as a result of the majority owners exercising their right to acquire additional shares from us.

North America Refranchising

In conjunction with implementing a new beverage partnership model in North America, the Company refranchised bottling territories that were previously managed by CCR to certain of our unconsolidated bottling partners. These territories generally border these bottlers' existing territories, allowing each bottler to better service local customers and provide more efficient execution. By entering into comprehensive beverage agreements ("CBAs") with each of the bottlers, we granted certain exclusive territory rights for the distribution, promotion, marketing and sale of Company-owned and licensed beverage products as defined by the CBA.

Each CBA generally has a term of 10 years and is renewable, in most cases by the bottler and in some cases by the Company, indefinitely for successive additional terms of 10 years each. Under the CBA, except for the CBA entered into in conjunction with the Southwest Transaction and for additional territories sold to AC Bebidas, the bottlers will make ongoing quarterly payments to the Company based on their gross profit in the refranchised territories throughout the term of the CBA, including renewals, in exchange for the grant of the exclusive territory rights. Liberty Coca-Cola Beverages, the co-owners of which are former management of CCR, will make ongoing quarterly payments based on the gross profit in its refranchised territories upon the earlier of reaching a predefined level of profitability, or the 41st quarter following the closing date.

Contemporaneously with the grant of these rights, the Company sold the distribution assets, certain working capital items, and the exclusive rights to distribute certain beverage brands not owned by the Company, but distributed by CCR, in each of these territories, excluding the territory included in the Southwest Transaction, to the respective bottlers in exchange for cash.

In 2016, the Company formed a new National Product Supply System ("NPSS") to facilitate optimal operation of the U.S. product supply system. Under the NPSS, the Company and several of its existing independent producing bottlers administer key national product supply activities for these bottlers. Additionally, we have sold certain production facilities from CCR to these independent producing bottlers in exchange for cash, excluding production facilities included in the Southwest Transaction.

During the years ended December 31, 2017, December 31, 2016 and December 31, 2015, cash proceeds from these sales totaled $2,860 million, $1,017 million and $362 million, respectively. Included in the cash proceeds for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 was $336 million, $279 million and $83 million, respectively, from Coca-Cola Bottling Co. Consolidated ("CCBCC"), an equity method investee. Also included in the cash proceeds for the year ended December 31, 2017, was $220 million from AC Bebidas, and $39 million from Liberty Coca-Cola Beverages.

Under the applicable accounting guidance, we were required to derecognize all of the tangible assets sold as well as the intangible assets transferred, including distribution rights, customer relationships and an allocated portion of goodwill related to these territories. We recognized losses of $3,177 million, $2,456 million and $1,006 million during the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively. Included in these amounts are losses from transactions with equity method investees or former management of $1,104 million, $492 million and $379 million, during the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively. These losses primarily related to the derecognition of the intangible assets transferred or reclassified as held for sale and were included in the line item other income (loss) — net in our consolidated statements of income. The losses in 2017 included $236 million of expense associated with an indemnification liability related to an underfunded multi-employer benefit plan in which employees of certain of its refranchised territories participate. As of December 31, 2017, CCR had completed the refranchising of its U.S. bottling operations, with the exception of its operations in the U.S. Virgin Islands, which are classified as held for sale. See further discussion of assets and liabilities held for sale below. In total, we expect to recover the value of the intangible assets transferred to the bottlers under the CBAs through the future quarterly payments; however, as the payments for the territory rights are dependent on the bottlers' future gross profit in these territories, they are considered a form of contingent consideration.

There is diversity in practice as it relates to the accounting for contingent consideration by the seller. The seller can account for the future contingent payments received as a gain contingency, recognizing the amounts in the income statement only after the related contingencies are resolved and the gain is realized, which in this arrangement will be quarterly as the bottlers earn gross profit in the transferred territories. Alternatively, the seller can record a receivable for the contingent consideration at fair value on the date of sale and record any future differences between the payments received and this receivable in the income statement as they occur. We elected the gain contingency

treatment since the quarterly payments will be received throughout the terms of the CBAs, including all subsequent renewals, regardless of the cumulative amount received as compared to the value of the intangible assets transferred.

During the years ended December 31, 2017 and December 31, 2016, the Company incurred losses of $313 million and $31 million, respectively, primarily related to payments made to certain of our unconsolidated bottling partners in order to convert the bottling agreements for their legacy territories and any previously refranchised territories to a single form of CBA with additional requirements. The additional requirements generally include a binding national governance model, mandatory incidence pricing and additional core performance requirements, among other things. As a result of these conversions, the legacy territories and any previously refranchised territories for each of the related bottling partners will be governed under similar CBAs, which will provide consistency across each such bottler's respective territory, and consistency with other U.S. bottlers that have been granted or converted to this form of CBA. The losses related to these payments were included in the line item other income (loss) — net in our consolidated statements of income during the years ended December 31, 2017 and December 31, 2016.

On April 1, 2017, the Company refranchised the Southwest operating unit of CCR, which includes Texas and parts of Oklahoma, New Mexico and Arkansas, in the Southwest Transaction. In conjunction with the Southwest Transaction, Arca contributed its existing beverage business to AC Bebidas. CCR contributed its Southwest operating unit, including all of its assets and liabilities, to AC Bebidas in exchange for an approximate 20 percent interest in AC Bebidas. Arca owns the remaining interest in AC Bebidas. Additionally, CCR made cash payments of $144 million, net of cash received. As a result of the Southwest Transaction, the Company recognized a gain of $1,037 million due to the difference in the recorded carrying value of the net assets transferred compared to the value of the interest it obtained in AC Bebidas of $2,960 million, which was determined using an income and market approach (a Level 3 measurement). This gain was recorded in the line item other income (loss) — net in our consolidated statement of income. AC Bebidas will participate in the NPSS as it relates to its U.S. territory. The Company accounts for its interest in AC Bebidas as an equity method investment based on our equity ownership percentage, our representation on AC Bebidas' Board of Directors, material intercompany transactions and other governance rights.

Refer to Note 19 for the impact these items had on our operating segments.

Refranchising of China Bottling Operations

In November 2016, the Company entered into definitive agreements for the sale of the Company-owned bottling operations in China to the two existing local franchise bottlers, one of which is an equity method investee, and to sell a related cost method investment to one of the franchise bottlers. As a result, the Company's bottling operations in China and a related cost method investment were classified as held for sale as of December 31, 2016. We received net proceeds of $963 million as a result of these sales and recognized a gain of $88 million during the year ended December 31, 2017, which was included in the line item other income (loss) — net in our consolidated statement of income.

Coca-Cola European Partners

In May 2016, the Company merged our German bottling operations with Coca-Cola Enterprises, Inc. ("CCE") and Coca-Cola Iberian Partners, S.A.U., formerly known as Coca-Cola Iberian Partners, S.A. ("CCIP"), to create Coca-Cola European Partners plc ("CCEP"). In exchange for our German bottling operations, we received an 18 percent interest in CCEP. As a result of recording our interest in CCEP at fair value based on its quoted market price (a Level 1 measurement), the deconsolidation of our German bottling operations, and the related reversal of its cumulative translation adjustments, we recognized a gain of $1,400 million. This gain was partially offset by a $77 million loss incurred as a result of reclassifying losses related to our net investment hedges of our German bottling operations from AOCI into earnings as well as transaction costs incurred resulting in a net gain of $1,287 million during the year ended December 31, 2016. Refer to Note 15. With the exception of the transaction costs, the net gain was recorded in the line item other income (loss) — net in our consolidated statement of income. The Company accounts for its interest in CCEP as an equity method investment based on our equity ownership percentage, our representation on CCEP's Board of Directors, material intercompany transactions and other governance rights.

Coca-Cola Beverages Africa Proprietary Limited

In July 2016, the Company, SABMiller plc and Gutsche Family Investments combined the bottling operations of each of the parties' nonalcoholic ready-to-drink beverage businesses in Southern and East Africa to form a new bottler, which is called CCBA. The Company: (1) contributed its South African bottling operations to CCBA, which included certain wholly owned subsidiaries and an equity method investment, (2) paid $150 million in cash, (3) obtained a 12 percent interest in CCBA and a 3 percent interest in CCBA's South African subsidiary and (4) acquired several trademarks that are generally indefinite-lived.

As a result of recording our interests in CCBA and its South African subsidiary at fair value, the deconsolidation of our South African bottling operations, the derecognition of the equity method investment, and the reversal of related

cumulative translation adjustments, we recognized a loss of $21 million. The fair values of the equity investments in CCBA and CCBA's South African subsidiary, along with the acquired trademarks, were determined using income approaches, including discounted

cash flow models (a Level 3 measurement), and the Company believes the inputs and assumptions used are consistent with those hypothetical marketplace participants would use. The loss recognized resulted primarily from the reversal of the related cumulative translation adjustments. This loss is recorded in the line item other income (loss) — net in our consolidated statement of income during the year ended December 31, 2016.

Based on the level of equity ownership, the Company's representation on CCBA's Board of Directors (two of its ten members) and other governance rights, the Company accounted for its interests in CCBA and CCBA's South African subsidiary as equity method investments. The Company's interest in CCBA provided it with a call option to acquire the ownership interest of SABMiller plc at fair value upon the occurrence of certain events, including upon a change in control of SABMiller plc.

In October 2016, ABI acquired SABMiller plc, including its 54.5 percent controlling interest in CCBA. In October 2017, the Company and ABI completed the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. We plan to hold our controlling interest in CCBA temporarily and are currently in discussions with several potential buyers. Accordingly, we have presented the financial position and results of operations of CCBA as discontinued operations in the accompanying consolidated financial statements from its date of acquisition. See further discussion of discontinued operations below.

Keurig Green Mountain, Inc.

In 2014, the Company purchased a 12 percent equity position in Keurig Green Mountain, Inc. ("Keurig") for $1,567 million. In February 2015, the Company purchased an additional 4 percent ownership interest from Credit Suisse Capital LLC under an agreement for a total purchase price of $830 million. As this agreement qualified as a derivative, we recognized a loss of $58 million in the line item other income (loss) — net in our consolidated statement of income during the year ended December 31, 2015. The purchases of the shares were included in the line item purchases of investments in our consolidated statement of cash flows, net of any related derivative impact. The Company accounted for the investment in Keurig as an available-for-sale security.

In March 2016, a JAB Holding Company-led investor group acquired Keurig. The Company received proceeds of $2,380 million, which were recorded in the line item proceeds from disposals of investments in our consolidated statement of cash flows, and recorded a gain of $18 million related to the disposal of our shares of Keurig in the line item other income (loss) — net in our consolidated statement of income during the year ended December 31, 2016.

Brazilian Bottling Operations

In January 2015, the owners of the majority interest in a Brazilian bottling operation exercised their option to acquire from us shares representing a 10 percent interest in the entity's outstanding shares. We recorded a loss of $6 million as a result of the exercise price being lower than our carrying value of these shares. As a result of this transaction, the Company's ownership was reduced to 34 percent of the entity's outstanding shares. The owners of the majority interest have a remaining option to acquire an additional 14 percent interest of the entity's outstanding shares at any time through December 31, 2019, based on an agreed-upon formula.

Assets and Liabilities Held for Sale

As of December 31, 2017, the Company had entered into agreements to refranchise its U.S. Virgin Islands bottling territories. As these bottling territories met the criteria to be classified as held for sale, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell based on the agreed-upon sale price and present the related assets and liabilities as separate line items in our consolidated balance sheet. These bottling territories were refranchised in January 2018. In addition, the Company had certain bottling operations in Latin America that met the criteria to be classified as held for sale, which requires us to present the related assets and liabilities as separate line items in our consolidated balance sheet. We were not required to record these assets and liabilities at fair value less any costs to sell because their fair value approximates their carrying value. The Company expects these operations to be refranchised during 2018.

The following table presents information related to the major classes of assets and liabilities that were classified as held for sale in our consolidated balance sheets (in millions):

	December 31, 2017	December 31, 2016
Cash, cash equivalents and short-term investments	**$ 13**	$ 49
Trade accounts receivable, less allowances	**10**	43
Inventories	**11**	264
Prepaid expenses and other assets	**12**	114
Equity method investments	**—**	1
Other investments	**—**	42
Other assets	**7**	17
Property, plant and equipment — net	**85**	1,780
Bottlers' franchise rights with indefinite lives	**5**	1,388
Goodwill	**103**	390
Other intangible assets	**1**	51
Allowance for reduction of assets held for sale	**(28)**	(1,342)
Assets held for sale	**$ 219** [1]	$ 2,797 [3]
Accounts payable and accrued expenses	**$ 22**	$ 393
Accrued income taxes	**—**	13
Other liabilities	**12**	1
Deferred income taxes	**3**	303
Liabilities held for sale	**$ 37** [2]	$ 710 [4]

[1] Consists of total assets relating to North America refranchising of $9 million and Latin America bottling operations of $210 million, which are included in the Bottling Investments operating segment.

[2] Consists of total liabilities relating to North America refranchising of $5 million and Latin America bottling operations of $32 million, which are included in the Bottling Investments operating segment.

[3] Consists of total assets relating to North America refranchising of $1,247 million, China bottling operations of $1,533 million and other assets held for sale of $17 million, which are included in the Bottling Investments and Corporate operating segments.

[4] Consists of total liabilities relating to North America refranchising of $224 million, China bottling operations of $483 million and other liabilities held for sale of $3 million, which are included in the Bottling Investments and Corporate operating segments.

We determined that the operations included in the table above did not meet the criteria to be classified as discontinued operations under the applicable guidance.

Discontinued Operations

In October 2017, the Company and ABI completed the transition of ABI's controlling interest in CCBA to the Company for $3,150 million. We plan to hold our controlling interest in CCBA temporarily and are currently in discussions with several potential buyers, and anticipate divesting of this interest in 2018. Accordingly, we have presented the financial position and results of operations of CCBA as discontinued operations in the accompanying consolidated financial statements from its date of consolidation.

Upon consolidation of CCBA, we remeasured our previously held equity interests in CCBA and its South African subsidiary to fair value and recorded a gain on the remeasurement of $150 million. The fair values in our previously held equity investments in CCBA and its South African subsidiary were determined using income approaches, including discounted cash flow models (a Level 3 measurement), and the Company believes the inputs and assumptions used are consistent with those hypothetical marketplace participants would use. We recorded the

noncontrolling interests of CCBA at an estimated fair value of $1,805 million. The fair value of the noncontrolling interests was assessed in a manner similar to our previously held equity investments.

The preliminary goodwill recorded at the time of the transaction was $4,262 million, none of which is tax deductible. This goodwill is in part due to the significant synergies that are expected from the consolidation of the bottling system in Southern and East Africa, especially within the country of South Africa. The initial accounting for the business combination is currently

incomplete, although preliminary purchase accounting entries have been recorded. The disclosures that are expected to be impacted by the completion of purchase accounting are the classification of assets held for sale — discontinued operations
and liabilities held for sale — discontinued operations in the notes to the consolidated financial statements.

The following table presents information related to the major classes of assets and liabilities of CCBA that were classified as held for sale — discontinued operations in our consolidated balance sheet (in millions):

		December 31, 2017
Cash, cash equivalents and short-term investments	$	97
Trade accounts receivable, less allowances		299
Inventories		299
Prepaid expenses and other assets		52
Equity method investments		7
Other assets		29
Property, plant and equipment — net		1,436
Goodwill		4,248
Other intangible assets		862
Assets held for sale — discontinued operations	$	7,329
Accounts payable and accrued expenses	$	598
Loans and notes payable		404
Current maturities of long-term debt		6
Accrued income taxes		40
Long-term debt		19
Other liabilities		10
Deferred income taxes		419
Liabilities held for sale — discontinued operations	$	1,496

NOTE 3: INVESTMENTS

Investments in debt and marketable securities, other than investments accounted for under the equity method, are classified as trading, available-for-sale or held-to-maturity. Our marketable equity investments are classified as either trading or available-for-sale with their cost basis determined by the specific identification method. Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading securities and realized gains and losses on available-for-sale securities are included in net income. Unrealized gains and losses, net of deferred taxes, on available-for-sale securities are included in our consolidated balance sheets as a component of AOCI, except for the change in fair value attributable to the currency risk being hedged. Refer to Note 5 for additional information related to the Company's fair value hedges of available-for-sale securities.

Trading Securities

As of December 31, 2017 and 2016, our trading securities had a fair value of $407 million and $384 million, respectively, and consisted primarily of equity securities. The Company had net unrealized gains on trading securities of $67 million, $39 million and $19 million as of December 31, 2017, 2016 and 2015, respectively.

The Company's trading securities were included in the following line items in our consolidated balance sheets (in millions):

December 31,		**2017**		2016
Marketable securities	**$**	**295**	$	282
Other assets		**112**		102
Total	**$**	**407**	$	384

Available-for-Sale and Held-to-Maturity Securities

As of December 31, 2017 and 2016, the Company did not have any held-to-maturity securities. Available-for-sale securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2017				
Available-for-sale securities:[1]				
Equity securities	**$ 1,276**	**$ 685**	**$ (66)**	**$ 1,895**
Debt securities	**5,782**	**157**	**(27)**	**5,912**
Total	**$ 7,058**	**$ 842**	**$ (93)**	**$ 7,807**
2016				
Available-for-sale securities:[1]				
Equity securities	$ 1,252	$ 425	$ (22)	$ 1,655
Debt securities	4,700	89	(31)	4,758
Total	$ 5,952	$ 514	$ (53)	$ 6,413

[1] Refer to Note 16 for additional information related to the estimated fair value.

The sale and/or maturity of available-for-sale securities resulted in the following realized activity (in millions):

Year Ended December 31,	**2017**	2016	2015
Gross gains	**$ 68**	$ 152	$ 103
Gross losses	**(32)**	(51)	(42)
Proceeds	**14,205**	11,540	4,043

As of December 31, 2017 and 2016, the Company had investments classified as available-for-sale securities in which our cost basis exceeded the fair value of our investment. Management assessed each of these investments on an individual basis to determine if the decline in fair value was other than temporary. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. As a result of these assessments, management determined that the decline in fair value of these investments was not other than temporary and did not record any impairment charges.

The Company uses two of its consolidated insurance captives to reinsure group annuity insurance contracts that cover the pension obligations of certain of our European and Canadian pension plans. In accordance with local insurance regulations, our insurance captives are required to meet and maintain minimum solvency capital requirements. The Company elected to invest its solvency capital in a portfolio of available-for-sale securities, which have been classified in the line item other assets in our consolidated balance sheets because the assets are not available to satisfy our current obligations. As of December 31, 2017 and 2016, the Company's available-for-sale securities included solvency capital funds of $1,159 million and $985 million, respectively.

As of December 31, 2017 and 2016, the Company did not have any held-to-maturity securities. The Company's available-for-sale securities were included in the following line items in our consolidated balance sheets (in millions):

December 31,	**2017**	2016
Cash and cash equivalents	**$ 667**	$ 682
Marketable securities	**5,022**	3,769
Other investments	**953**	849

Other assets		**1,165**		1,113
Total	**$**	**7,807**	$	6,413

The contractual maturities of these available-for-sale securities as of December 31, 2017 were as follows (in millions):

		Cost		Estimated Fair Value
Within 1 year	$	1,433	$	1,491
After 1 year through 5 years		3,929		3,983
After 5 years through 10 years		103		117
After 10 years		317		321
Equity securities		1,276		1,895
Total	$	7,058	$	7,807

The Company expects that actual maturities may differ from the contractual maturities above because borrowers have the right to call or prepay certain obligations.

Cost Method Investments

Cost method investments are initially recorded at cost, and we record dividend income when applicable dividends are declared. Cost method investments are reported as other investments in our consolidated balance sheets, and dividend income from cost method investments is reported in other income (loss) — net in our consolidated statements of income. We review all of our cost method investments quarterly to determine if impairment indicators are present; however, we are not required to determine the fair value of these investments unless impairment indicators exist. When impairment indicators exist, we generally use discounted cash flow analyses to determine the fair value. We estimate that the fair values of our cost method investments approximated or exceeded their carrying values as of December 31, 2017 and 2016. Our cost method investments had a carrying value of $143 million and $140 million as of December 31, 2017 and 2016, respectively.

NOTE 4: INVENTORIES

Inventories consist primarily of raw materials and packaging (which include ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate operations and finished beverages in our finished product operations). Inventories are valued at the lower of cost or net realizable value. We determine cost on the basis of the average cost or first-in, first-out methods. Inventories consisted of the following (in millions):

December 31,		**2017**		2016
Raw materials and packaging	**$**	**1,729**	$	1,565
Finished goods		**693**		844
Other		**233**		266
Total inventories	**$**	**2,655**	$	2,675

NOTE 5: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, our Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative and non-derivative financial instruments are foreign currency exchange rate risk, commodity price risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts, commodity futures contracts, option contracts, collars and swaps. Forward contracts and commodity futures contracts are agreements to buy or sell a quantity of a currency or commodity at a predetermined future date, and at a predetermined rate or price. An option contract is an agreement that conveys the purchaser the right, but not the obligation, to buy or sell a quantity of a currency or commodity at a predetermined rate or price during a period or at a time in the future. A collar is a strategy that uses a combination of options to limit the range of possible positive or negative returns on an underlying asset or liability to a specific range, or to protect expected future cash flows. To do this, an investor simultaneously buys a put option and sells (writes) a call option, or alternatively buys a call option and sells (writes) a put option. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. We do not enter into derivative financial instruments for

trading purposes. The Company may also designate certain non-derivative instruments, such as our foreign-denominated debt, in hedging relationships.

All derivatives are carried at fair value in our consolidated balance sheets, primarily in the following line items, as applicable: prepaid expenses and other assets; other assets; accounts payable and accrued expenses; and other liabilities. The carrying values of the derivatives reflect the impact of legally enforceable master netting agreements and cash collateral held or placed

with the same counterparties, as applicable. These master netting agreements allow the Company to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the type of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statement of income as the changes in the fair values of the hedged items attributable to the risk being hedged. The changes in the fair values of derivatives that have been designated and qualify as cash flow hedges or hedges of net investments in foreign operations are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in the fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

For derivatives that will be accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, the Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized into earnings.

The Company determines the fair values of its derivatives based on quoted market prices or pricing models using current market rates. Refer to Note 16. The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates, commodity rates or other financial indices. The Company does not view the fair values of its derivatives in isolation but rather in relation to the fair values or cash flows of the underlying hedged transactions or other exposures. Virtually all of our derivatives are straightforward over-the-counter instruments with liquid markets.

The following table presents the fair values of the Company's derivative instruments that were designated and qualified as part of a hedging relationship (in millions):

		Fair Value[1,2]	
Derivatives Designated as Hedging Instruments	Balance Sheet Location[1]	**December 31, 2017**	December 31, 2016
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 45**	$ 400
Foreign currency contracts	Other assets	**79**	60
Interest rate contracts	Other assets	**52**	105
Total assets		**$ 176**	$ 565
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 69**	$ 40
Foreign currency contracts	Other liabilities	**9**	54
Foreign currency contracts	Liabilities held for sale — discontinued operations	**8**	—
Commodity contracts	Accounts payable and accrued expenses	**—**	1
Commodity contracts	Liabilities held for sale — discontinued operations	**4**	—
Interest rate contracts	Accounts payable and accrued expenses	**30**	36
Interest rate contracts	Other liabilities	**39**	47
Total liabilities		**$ 159**	$ 178

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 16 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 16 for additional information related to the estimated fair value.

The following table presents the fair values of the Company's derivative instruments that were not designated as hedging instruments (in millions):

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2] December 31, 2017	Fair Value[1,2] December 31, 2016
Assets:			
Foreign currency contracts	Prepaid expenses and other assets	**$ 20**	$ 284
Foreign currency contracts	Other assets	**27**	—
Commodity contracts	Prepaid expenses and other assets	**25**	27
Commodity contracts	Other assets	**1**	1
Other derivative instruments	Prepaid expenses and other assets	**8**	4
Other derivative instruments	Other assets	**—**	1
Total assets		**$ 81**	$ 317
Liabilities:			
Foreign currency contracts	Accounts payable and accrued expenses	**$ 69**	$ 60
Foreign currency contracts	Other liabilities	**28**	16
Commodity contracts	Accounts payable and accrued expenses	**7**	16
Commodity contracts	Other liabilities	**—**	1
Interest rate contracts	Accounts payable and accrued expenses	**—**	8
Interest rate contracts	Other liabilities	**—**	1
Other derivative instruments	Accounts payable and accrued expenses	**1**	2
Other derivative instruments	Other liabilities	**1**	5
Total liabilities		**$ 106**	$ 109

[1] All of the Company's derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 16 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 16 for additional information related to the estimated fair value.

Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral for substantially all of our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. In addition, the Company's master netting agreements reduce credit risk by permitting the Company to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, commodity prices or interest rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in AOCI and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is typically three years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our eventual U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement

activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options (principally euros and Japanese yen) and collars to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens against the foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of

the derivative instruments. The total notional values of derivatives that have been designated and qualify for the Company's foreign currency cash flow hedging program were $4,068 million and $6,074 million as of December 31, 2017 and 2016, respectively.

The Company uses cross-currency swaps to hedge the changes in cash flows of certain of its foreign currency denominated debt due to changes in foreign currency exchange rates. For this hedging program, the Company records the change in carrying value of the foreign currency denominated debt due to changes in exchange rates into earnings each period. The changes in fair value of the cross-currency swap derivatives are recorded in AOCI with an immediate reclassification into earnings for the change in fair value attributable to fluctuations in foreign currency exchange rates. During the year ended December 31, 2015, the Company discontinued the cash flow hedge relationships related to these swaps. Upon discontinuance, the Company recognized a loss of $92 million in other comprehensive income, which will be reclassified from AOCI into interest expense over the remaining life of the debt, a weighted-average period of approximately 10 years. The Company did not discontinue any cross-currency swaps designated as a cash flow hedge during the years ended December 31, 2017 and 2016. The total notional values of derivatives that have been designated as cash flow hedges for the Company's foreign currency denominated debt were $1,851 million as of December 31, 2017 and 2016, respectively.

The Company has entered into commodity futures contracts and other derivative instruments on various commodities to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as part of the Company's commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional values of derivatives that have been designated and qualify for this program were $35 million and $12 million as of December 31, 2017 and 2016, respectively.

Our Company monitors our mix of short-term debt and long-term debt regularly. From time to time, we manage our risk to interest rate fluctuations through the use of derivative financial instruments. The Company has entered into interest rate swap agreements and has designated these instruments as part of the Company's interest rate cash flow hedging program. The objective of this hedging program is to mitigate the risk of adverse changes in benchmark interest rates on the Company's future interest payments. The total notional values of these interest rate swap agreements that were designated and qualified for the Company's interest rate cash flow hedging program were $500 million and $1,500 million as of December 31, 2017 and 2016, respectively.

The following table presents the pretax impact that changes in the fair values of derivatives designated as cash flow hedges had on AOCI and earnings during the years ended December 31, 2017, 2016 and 2015 (in millions):

	Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income[1]	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)
2017				
Foreign currency contracts	**$ (226)**	Net operating revenues	**$ 443**	**$ 1**
Foreign currency contracts	**(23)**	Cost of goods sold	**(2)**	**—** [2]
Foreign currency contracts	**—**	Interest expense	**(9)**	**—**
Foreign currency contracts	**92**	Other income (loss) — net	**107**	**3**
Foreign currency contracts	**(3)**	Income from discontinued operations	**—**	**—**
Interest rate contracts	**(22)**	Interest expense	**(37)**	**2**
Commodity contracts	**(1)**	Cost of goods sold	**(1)**	**—**
Commodity contracts	**(5)**	Income from discontinued operations	**—**	**—**
Total	**$ (188)**		**$ 501**	**$ 6**
2016				
Foreign currency contracts	$ 69	Net operating revenues	$ 567	$ (3)
Foreign currency contracts	8	Cost of goods sold	35	(1)
Foreign currency contracts	—	Interest expense	(9)	—
Foreign currency contracts	13	Other income (loss) — net	(3)	(3)
Interest rate contracts	(126)	Interest expense	(17)	(2)
Commodity contracts	(1)	Cost of goods sold	(1)	—
Total	$ (37)		$ 572	$ (9)
2015				
Foreign currency contracts	$ 949	Net operating revenues	$ 618	$ 12
Foreign currency contracts	60	Cost of goods sold	62	— [2]
Foreign currency contracts	18	Interest expense	(9)	—
Foreign currency contracts	(38)	Other income (loss) — net	(40)	—
Interest rate contracts	(153)	Interest expense	(3)	1
Commodity contracts	(1)	Cost of goods sold	(3)	—
Total	$ 835		$ 625	$ 13

[1] The Company records gains and losses reclassified from AOCI into income for the effective portion and ineffective portion, if any, to the same line items in our consolidated statements of income.

[2] Includes a de minimis amount of ineffectiveness in the hedging relationship.

As of December 31, 2017, the Company estimates that it will reclassify into earnings during the next 12 months net gains of $93 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

Fair Value Hedging Strategy

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that results from fluctuations in benchmark interest rates. The Company also uses cross-currency interest rate swaps to hedge the changes in the fair value of foreign currency denominated debt relating to changes in foreign currency exchange rates and benchmark interest rates. The changes in fair values of

derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items are recognized in earnings. The ineffective portions of these hedges are immediately recognized into earnings. As of December 31, 2017, such adjustments had cumulatively increased the carrying value of our long-term debt by $4 million. When a derivative is no longer designated as a fair value hedge for any

reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured. The total notional values of derivatives that related to our fair value hedges of this type were $8,121 million and $6,158 million as of December 31, 2017 and 2016, respectively.

The Company also uses fair value hedges to minimize exposure to changes in the fair value of certain available-for-sale securities from fluctuations in foreign currency exchange rates. The changes in fair values of derivatives designated as fair value hedges and the offsetting changes in fair values of the hedged items due to changes in foreign currency exchange rates are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. The total notional values of derivatives that related to our fair value hedges of this type were $311 million and $1,163 million as of December 31, 2017 and 2016, respectively.

The following table summarizes the pretax impact that changes in the fair values of derivatives designated as fair value hedges had on earnings during the years ended December 31, 2017, 2016 and 2015 (in millions):

Hedging Instruments and Hedged Items	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income[1]
2017		
Interest rate contracts	Interest expense	**$ (69)**
Fixed-rate debt	Interest expense	**63**
Net impact to interest expense		**$ (6)**
Foreign currency contracts	Other income (loss) — net	**$ (37)**
Available-for-sale securities	Other income (loss) — net	**44**
Net impact to other income (loss) — net		**$ 7**
Net impact of fair value hedging instruments		**$ 1**
2016		
Interest rate contracts	Interest expense	$ 170
Fixed-rate debt	Interest expense	(152)
Net impact to interest expense		$ 18
Foreign currency contracts	Other income (loss) — net	$ 69
Available-for-sale securities	Other income (loss) — net	(73)
Net impact to other income (loss) — net		$ (4)
Net impact of fair value hedging instruments		$ 14
2015		
Interest rate contracts	Interest expense	$ (172)
Fixed-rate debt	Interest expense	169
Net impact to interest expense		$ (3)
Foreign currency contracts	Other income (loss) — net	$ 110
Available-for-sale securities	Other income (loss) — net	(131)
Net impact to other income (loss) — net		$ (21)
Net impact of fair value hedging instruments		$ (24)

[1] The net impacts represent the ineffective portions of the hedge relationships and the amounts excluded from the assessment of hedge effectiveness.

Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts and non-derivative financial instruments to protect the value of our net investments in a number of foreign operations. During the years ended December 31, 2017, 2016 and 2015, the Company designated a portion of its euro-denominated debt as a hedge of a net investment in our European operations. The change in the carrying value of the designated portion of the euro-denominated debt due to changes in foreign currency exchange rates is recorded in net foreign currency translation adjustment, a component of AOCI.

For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in fair values of the derivative instruments are recognized in net foreign

currency translation adjustment to offset the changes in the values of the net investments being hedged. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change.

The following table summarizes the notional values and pretax impact of changes in the fair values of instruments designated as net investment hedges (in millions):

	Notional Amount as of December 31,		Gain (Loss) Recognized in OCI Year Ended December 31,		
	2017	2016	**2017**	2016	2015
Foreign currency contracts	**$ —**	$ 100	**$ (7)**	$ (237)	$ 661
Foreign currency denominated debt	**13,147**	11,113	**(1,505)**	304	(24)
Total	**$ 13,147**	$ 11,213	**$ (1,512)**	$ 67	$ 637

The Company reclassified net deferred losses of $77 million related to the deconsolidation of our German bottling operations from AOCI into earnings during the year ended December 31, 2016. The Company did not reclassify any deferred gains or losses related to net investment hedges from AOCI to earnings during the years ended December 31, 2017 and 2015. In addition, the Company did not have any ineffectiveness related to net investment hedges during the years ended December 31, 2017, 2016 and 2015. The cash inflows and outflows associated with the Company's derivative contracts designated as net investment hedges are classified in the line item other investing activities in our consolidated statements of cash flows.

Economic (Non-Designated) Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges of foreign currency, interest rate and commodity exposure. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in fair value of economic hedges are immediately recognized into earnings.

The Company uses foreign currency economic hedges to offset the earnings impact that fluctuations in foreign currency exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. The changes in fair value of economic hedges used to offset those monetary assets and liabilities are immediately recognized into earnings in the line item other income (loss) — net in our consolidated statements of income. In addition, we use foreign currency economic hedges to minimize the variability in cash flows associated with fluctuations in foreign currency exchange rates. The changes in fair values of economic hedges used to offset the variability in U.S. dollar net cash flows are recognized into earnings in the line items net operating revenues or cost of goods sold in our consolidated statements of income, as applicable. The total notional values of derivatives related to our foreign currency economic hedges were $6,827 million and $5,276 million as of December 31, 2017 and 2016, respectively.

The Company also uses certain derivatives as economic hedges to mitigate the price risk associated with the purchase of materials used in the manufacturing process and for vehicle fuel. The changes in fair values of these economic hedges are immediately recognized into earnings in the line items net operating revenues, cost of goods sold, and selling, general and administrative expenses in our consolidated statements of income, as applicable. The total notional values of derivatives related to our economic hedges of this type were $357 million and $447 million as of December 31, 2017 and 2016, respectively.

The following table presents the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings during the years ended December 31, 2017, 2016 and 2015 (in millions):

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income	Year Ended December 31,		
		2017	2016	2015
Foreign currency contracts	Net operating revenues	**$ (30)**	$ (45)	$ 41
Foreign currency contracts	Cost of goods sold	**(1)**	4	3
Foreign currency contracts	Other income (loss) — net	**73**	(168)	(92)
Commodity contracts	Net operating revenues	**16**	10	(16)
Commodity contracts	Cost of goods sold	**15**	75	(209)
Commodity contracts	Selling, general and administrative expenses	**1**	6	(25)
Interest rate contracts	Interest expense	**—**	(39)	—
Other derivative instruments	Selling, general and administrative expenses	**46**	16	1
Other derivative instruments	Other income (loss) — net	**1**	(15)	(37)
Total		**$ 121**	$ (156)	$ (334)

NOTE 6: EQUITY METHOD INVESTMENTS

Our consolidated net income includes our Company's proportionate share of the net income or loss of our equity method investees. When we record our proportionate share of net income, it increases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. Conversely, when we record our proportionate share of a net loss, it decreases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investees. These items can have a significant impact on the amount of equity income (loss) — net in our consolidated statements of income and our carrying value in those investments. Refer to Note 17 for additional information related to significant operating and nonoperating items recorded by our equity method investees. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the equity investee's AOCI.

We eliminate from our financial results all significant intercompany transactions, including the intercompany portion of transactions with equity method investees.

The Company's equity method investments include, but are not limited to, our ownership interests in CCEP, Monster, AC Bebidas, Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA"), Coca-Cola HBC AG ("Coca-Cola Hellenic"), and Coca-Cola Bottlers Japan Inc. ("CCBJI"). As of December 31, 2017, we owned approximately 18 percent, 18 percent, 20 percent, 28 percent, 23 percent, and 17 percent, respectively, of these companies' outstanding shares. As of December 31, 2017, our investment in our equity method investees in the aggregate exceeded our proportionate share of the net assets of these equity method investees by $9,932 million. This difference is not amortized.

A summary of financial information for our equity method investees in the aggregate is as follows (in millions):

Year Ended December 31,[1]	**2017**	2016	2015
Net operating revenues	**$ 73,339**	$ 58,054	$ 47,498
Cost of goods sold	**42,867**	34,338	28,749
Gross profit	**$ 30,472**	$ 23,716	$ 18,749
Operating income	**$ 7,577**	$ 5,652	$ 4,483
Consolidated net income	**$ 4,545**	$ 2,967	$ 2,299
Less: Net income attributable to noncontrolling interests	**120**	78	65
Net income attributable to common shareowners	**$ 4,425**	$ 2,889	$ 2,234

Equity income (loss) — net	**$ 1,071**	$ 835	$ 489

[1] The financial information represents the results of the equity method investees during the Company's period of ownership.

December 31,		2017		2016
Current assets	**$**	**25,023**	$	19,586
Noncurrent assets		**66,578**		58,529
Total assets	**$**	**91,601**	$	78,115
Current liabilities	**$**	**17,890**	$	16,125
Noncurrent liabilities		**29,986**		25,610
Total liabilities	**$**	**47,876**	$	41,735
Equity attributable to shareowners of investees	**$**	**41,773**	$	35,204
Equity attributable to noncontrolling interests		**1,952**		1,176
Total equity	**$**	**43,725**	$	36,380
Company equity investment	**$**	**20,856**	$	16,260

Net sales to equity method investees, the majority of which are located outside the United States, were $14,144 million, $10,495 million and $8,984 million in 2017, 2016 and 2015, respectively. The increase in net sales to equity method investees in 2017 was primarily due to our acquisition of equity method investments in CCEP and AC Bebidas, as well as the integration of Coca-Cola West Co., Ltd. ("CCW") and Coca-Cola East Japan Co., Ltd. ("CCEJ") to establish CCBJI in 2017. Refer to Note 2. Total payments, primarily marketing, made to equity method investees were $930 million, $946 million and $1,380 million in 2017, 2016 and 2015, respectively. In addition, purchases of beverage products from equity method investees were $1,298 million, $1,857 million and $1,131 million in 2017, 2016 and 2015, respectively. The decrease in purchases of beverage products in 2017 was primarily due to reduced purchases of Monster products as a result of North America refranchising activities. Refer to Note 2.

If valued at the December 31, 2017 quoted closing prices of shares actively traded on stock markets, the value of our equity method investments in publicly traded bottlers would have exceeded our carrying value by $8,504 million. However, the carrying value of our investment in CCEP exceeded the fair value of the investment as of December 31, 2017 by $196 million. Based on the length of time and the extent to which the market value has been less than our cost basis; the financial condition and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge.

Net Receivables and Dividends from Equity Method Investees

Total net receivables due from equity method investees were $2,053 million and $1,696 million as of December 31, 2017 and 2016, respectively. The total amount of dividends received from equity method investees was $443 million, $386 million and $367 million for the years ended December 31, 2017, 2016 and 2015, respectively. The amount of consolidated reinvested earnings that represents undistributed earnings of investments accounted for under the equity method as of December 31, 2017 was $4,471 million.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

The following table summarizes our property, plant and equipment (in millions):

December 31,		2017		2016
Land	**$**	**334**	$	589
Buildings and improvements		**3,917**		4,574
Machinery, equipment and vehicle fleet		**12,198**		16,093
		16,449		21,256
Less accumulated depreciation		**8,246**		10,621
Property, plant and equipment — net	**$**	**8,203**	$	10,635

NOTE 8: INTANGIBLE ASSETS

Indefinite-Lived Intangible Assets

The following table summarizes information related to indefinite-lived intangible assets (in millions):

December 31,	2017	2016
Trademarks[1]	**$ 6,729**	$ 6,097
Bottlers' franchise rights[2]	**138**	3,676
Goodwill	**9,401**	10,629
Other	**106**	128
Indefinite-lived intangible assets	**$ 16,374**	$ 20,530

[1] The increase in 2017 was primarily due to the acquisitions of AdeS and the U.S. rights to Topo Chico. Refer to Note 2.

[2] The decrease in 2017 was primarily the result of additional North America bottling territories being refranchised. Refer to Note 2.

The following table provides information related to the carrying value of our goodwill by operating segment (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Bottling Investments	Total
2016						
Balance at beginning of year	$ 638	$ 123	$ 8,311	$ 133	$ 2,084	$ 11,289
Effect of foreign currency translation	(10)	(6)	—	(11)	(6)	(33)
Acquisitions[1]	—	—	—	6	—	6
Adjustments related to the finalization of purchase accounting[1]	—	—	10	—	—	10
Impairment	—	—	—	—	(10)	(10)
Divestitures, deconsolidations and other[1]	—	—	—	—	(633)	(633)
Balance at end of year	$ 628	$ 117	$ 8,321	$ 128	$ 1,435	$ 10,629
2017						
Balance at beginning of year	**$ 628**	**$ 117**	**$ 8,321**	**$ 128**	**$ 1,435**	**$ 10,629**
Effect of foreign currency translation	**75**	**8**	**—**	**(1)**	**5**	**87**
Acquisitions[1]	**—**	**25**	**28**	**—**	**3**	**56**
Adjustments related to the finalization of purchase accounting[1]	**—**	**—**	**—**	**18**	**—**	**18**
Impairment	**—**	**—**	**—**	**—**	**(390)**	**(390)**
Divestitures, deconsolidations and other[1,2]	**—**	**—**	**—**	**—**	**(999)**	**(999)**
Balance at end of year	**$ 703**	**$ 150**	**$ 8,349**	**$ 145**	**$ 54**	**$ 9,401**

[1] Refer to Note 2 for information related to the Company's acquisitions and divestitures.

[2] The 2017 decrease in the Bottling Investments segment was primarily a result of additional North America bottling territories being refranchised. Refer to Note 2.

Definite-Lived Intangible Assets

The following table summarizes information related to definite-lived intangible assets (in millions):

	December 31, 2017			December 31, 2016		
	Gross Carrying Amount	**Accumulated Amortization**	**Net**	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships[1]	**$ 205**	**$ (143)**	**$ 62**	$ 392	$ (185)	$ 207
Bottlers' franchise rights[1]	**213**	**(152)**	**61**	487	(381)	106
Trademarks	**182**	**(73)**	**109**	228	(64)	164
Other	**94**	**(64)**	**30**	179	(58)	121
Total	**$ 694**	**$ (432)**	**$ 262**	$ 1,286	$ (688)	$ 598

[1] The decrease in 2017 was primarily due to the derecognition of intangible assets as a result of the North America refranchising. Refer to Note 2.

Total amortization expense for intangible assets subject to amortization was $68 million, $139 million and $156 million in 2017, 2016 and 2015, respectively.

Based on the carrying value of definite-lived intangible assets as of December 31, 2017, we estimate our amortization expense for the next five years will be as follows (in millions):

	Amortization Expense
2018	$ 57
2019	44
2020	38
2021	28
2022	28

NOTE 9: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in millions):

December 31,	**2017**	2016
Accrued marketing	**$ 2,108**	$ 2,186
Trade accounts payable	**2,288**	2,682
Other accrued expenses	**3,071**	2,593
Accrued compensation	**854**	857
Deferred tax liabilities	**—** [1]	692
Sales, payroll and other taxes	**347**	372
Container deposits	**80**	108
Accounts payable and accrued expenses	**$ 8,748**	$ 9,490

[1] As a result of our adoption of ASU 2015-17, all deferred tax liabilities are now recorded in noncurrent liabilities. Refer to Note 1.

NOTE 10: DEBT AND BORROWING ARRANGEMENTS

Short-Term Borrowings

Loans and notes payable consist primarily of commercial paper issued in the United States. As of December 31, 2017 and 2016, we had $12,931 million and $12,330 million, respectively, in outstanding commercial paper borrowings.

Our weighted-average interest rates for commercial paper outstanding were approximately 1.4 percent and 0.8 percent per year as of December 31, 2017 and 2016, respectively. In addition, we had $9,199 million in lines of credit and other short-term credit facilities as of December 31, 2017. The Company's total lines of credit included $274 million that was outstanding and primarily related to our international operations.

Included in the credit facilities discussed above, the Company had $7,295 million in lines of credit for general corporate purposes. These backup lines of credit expire at various times from 2018 through 2022. There were no borrowings under these backup lines of credit during 2017. These credit facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which is presently significant to our Company.

Long-Term Debt

During 2017, the Company issued U.S. dollar- and euro-denominated debt of $1,000 million and €2,500 million, respectively. The carrying value of this debt as of December 31, 2017, was $3,974 million. The general terms of the notes issued are as follows:

- $500 million total principal amount of notes due May 25, 2022, at a fixed interest rate of 2.20 percent;
- $500 million total principal amount of notes due May 25, 2027, at a fixed interest rate of 2.90 percent;
- €1,500 million total principal amount of notes due March 8, 2019, at a variable interest rate equal to the three-month Euro Interbank Offered Rate ("EURIBOR") plus 0.25 percent;
- €500 million total principal amount of notes due March 9, 2021, at a fixed interest rate of 0.00 percent; and
- €500 million total principal amount of notes due March 8, 2024, at a fixed interest rate of 0.50 percent.

During 2017, the Company retired upon maturity €2,000 million total principal amount of notes due March 9, 2017, at a variable interest rate equal to the three-month EURIBOR plus 0.15 percent, $206 million total principal amount of notes due August 1, 2017, at a fixed interest rate of 7.125 percent, SFr200 million total principal amount of notes due October 2, 2017, at a fixed interest rate of 0.00 percent, $750 million total principal amount of notes due October 27, 2017, at a fixed interest rate of 0.875 percent, and $225 million total principal amount of notes due November 16, 2017, at a variable interest rate equal to the three-month London Interbank Offered Rate ("LIBOR") plus 0.05 percent. The Company also extinguished a portion of the long-term debt that was assumed in connection with our acquisition of CCE's former North America business ("Old CCE"). The extinguished notes had a carrying value of $417 million, which included fair value adjustments recorded as part of purchase accounting. The general terms of the notes extinguished were as follows:

- $95.6 million total principal amount of notes due August 15, 2019, at a fixed interest rate of 4.50 percent;
- $38.6 million total principal amount of notes due February 1, 2022, at a fixed interest rate of 8.50 percent;
- $11.7 million total principal amount of notes due September 15, 2022, at a fixed interest rate of 8.00 percent;
- $36.5 million total principal amount of notes due September 15, 2023, at a fixed interest rate of 6.75 percent;
- $9.9 million total principal amount of notes due October 1, 2026, at a fixed interest rate of 7.00 percent;
- $53.8 million total principal amount of notes due November 15, 2026, at a fixed interest rate of 6.95 percent;
- $41.3 million total principal amount of notes due September 15, 2028, at a fixed interest rate of 6.75 percent;
- $32.0 million total principal amount of notes due October 15, 2036, at a fixed interest rate of 6.70 percent;
- $3.4 million total principal amount of notes due March 18, 2037, at a fixed interest rate of 5.71 percent;
- $24.3 million total principal amount of notes due January 15, 2038, at a fixed interest rate of 6.75 percent; and

- $4.7 million total principal amount of notes due May 15, 2098, at a fixed interest rate of 7.00 percent.

The Company recorded a net charge of $38 million in the line item interest expense in our consolidated statement of income during the year ended December 31, 2017. This net charge was due to the early extinguishment of long-term debt described above. These charges included the difference between the reacquisition price and the net carrying amount of the debt extinguished.

During 2016, the Company issued Australian dollar-, euro- and U.S. dollar-denominated debt of AUD1,000 million, €500 million and $3,725 million, respectively. The general terms of the notes issued are as follows:

- AUD450 million total principal amount of notes due June 9, 2020, at a fixed interest rate of 2.60 percent;
- AUD550 million total principal amount of notes due June 11, 2024, at a fixed interest rate of 3.25 percent;
- $225 million total principal amount of notes due November 16, 2017, at a variable interest rate equal to the three-month LIBOR plus 0.05 percent;
- $1,000 million total principal amount of notes due May 30, 2019, at a fixed interest rate of 1.375 percent;

- $1,000 million total principal amount of notes due September 1, 2021, at a fixed interest rate of 1.55 percent;
- $500 million total principal amount of notes due June 1, 2026, at a fixed interest rate of 2.55 percent;
- $1,000 million total principal amount of notes due September 1, 2026, at a fixed interest rate of 2.25 percent; and
- €500 million total principal amount of notes due September 2, 2036, at a fixed interest rate of 1.10 percent.

During 2016, the Company retired upon maturity $1,654 million total principal amount of notes due September 1, 2016, at a fixed interest rate of 1.80 percent, $500 million total principal amount of notes due November 1, 2016 at a fixed interest rate of 0.75 percent and $500 million total principal amount of notes due November 1, 2016 at a variable interest rate equal to the three-month LIBOR plus 0.10 percent.

During 2015, the Company issued SFr1,325 million, €8,500 million and $4,000 million of long-term debt. The general terms of the notes issued are as follows:

- SFr200 million total principal amount of notes due October 2, 2017, at a fixed interest rate of 0.00 percent;
- SFr550 million total principal amount of notes due December 22, 2022, at a fixed interest rate of 0.25 percent;
- SFr575 million total principal amount of notes due October 2, 2028, at a fixed interest rate of 1.00 percent;
- €2,000 million total principal amount of notes due March 9, 2017, at a variable interest rate equal to the three-month EURIBOR plus 0.15 percent;
- €2,000 million total principal amount of notes due September 9, 2019, at a variable interest rate equal to the three-month EURIBOR plus 0.23 percent;
- €1,500 million total principal amount of notes due March 9, 2023, at a fixed interest rate of 0.75 percent;
- €1,500 million total principal amount of notes due March 9, 2027, at a fixed interest rate of 1.125 percent;
- €1,500 million total principal amount of notes due March 9, 2035, at a fixed interest rate of 1.625 percent;
- $750 million total principal amount of notes due October 27, 2017, at a fixed interest rate of 0.875 percent;
- $1,500 million total principal amount of notes due October 27, 2020, at a fixed interest rate of 1.875 percent; and
- $1,750 million total principal amount of notes due October 27, 2025, at a fixed interest rate of 2.875 percent.

During 2015, the Company retired $3,500 million of long-term debt upon maturity. The Company also extinguished $2,039 million of long-term debt prior to maturity, incurring associated charges of $320 million recorded in the line item interest expense in our consolidated statement of income. These charges included the difference between the reacquisition price and the net carrying amount of the debt extinguished, including the impact of the related fair value hedging relationship. The general terms of the notes that were extinguished were as follows:

-

$1,148 million total principal amount of notes due November 15, 2017, at a fixed interest rate of 5.35 percent; and

- $891 million total principal amount of notes due March 15, 2019, at a fixed interest rate of 4.875 percent.

The Company's long-term debt consisted of the following (in millions, except average rate data):

	December 31, 2017		December 31, 2016	
	Amount	**Average Rate [1]**	Amount	Average Rate[1]
U.S. dollar notes due 2018–2093	**$ 16,854**	**2.3 %**	$ 16,922	2.0 %
U.S. dollar debentures due 2018–2098	**1,559**	**5.5**	2,111	4.1
U.S. dollar zero coupon notes due 2020[2]	**158**	**8.4**	153	8.4
Australian dollar notes due 2020–2024	**760**	**2.1**	741	1.2
Euro notes due 2019–2036	**13,663**	**0.7**	11,567	0.7
Swiss franc notes due 2022–2028	**1,148**	**3.0**	1,304	2.5
Other, due through 2098[3]	**325**	**3.4**	316	3.5
Fair value adjustment[4]	**13**	**N/A**	97	N/A
Total[5,6]	**34,480**	**1.8 %**	33,211	1.7 %
Less current portion	**3,298**		3,527	
Long-term debt	**$ 31,182**		$ 29,684	

[1] These rates represent the weighted-average effective interest rate on the balances outstanding as of year end, as adjusted for the effects of interest rate swap agreements, cross-currency swap agreements and fair value adjustments, if applicable. Refer to Note 5 for a more detailed discussion on interest rate management.

[2] This amount is shown net of unamortized discounts of $13 million and $18 million as of December 31, 2017 and 2016, respectively.

[3] As of December 31, 2017, the amount shown includes $165 million of debt instruments that are due through 2031.

[4] Amount represents changes in fair value due to changes in benchmark interest rates. Refer to Note 5 for additional information about our fair value hedging strategy.

[5] As of December 31, 2017 and 2016, the fair value of our long-term debt, including the current portion, was $35,169 million and $33,752 million, respectively. The fair value of our long-term debt is estimated based on quoted prices for those or similar instruments.

[6] The above notes and debentures include various restrictions, none of which is presently significant to our Company.

The carrying value of the Company's long-term debt included fair value adjustments related to the debt assumed from Old CCE's former North America business in 2010 of $263 million and $361 million as of December 31, 2017 and 2016, respectively. These fair value adjustments are being amortized over the number of years remaining until the underlying debt matures. As of December 31, 2017, the weighted-average maturity of the assumed debt to which these fair value adjustments relate was approximately 24 years. The amortization of these fair value adjustments will be a reduction of interest expense in future periods, which will typically result in our interest expense being less than the actual interest paid to service the debt.

Total interest paid was $757 million, $663 million and $515 million in 2017, 2016 and 2015, respectively.

Maturities of long-term debt for the five years succeeding December 31, 2017, are as follows (in millions):

	Maturities of Long-Term Debt
2018	$ 3,298
2019	5,209
2020	4,298
2021	2,930
2022	2,480

NOTE 11: COMMITMENTS AND CONTINGENCIES

Guarantees

As of December 31, 2017, we were contingently liable for guarantees of indebtedness owed by third parties of $609 million, of which $256 million was related to VIEs. Refer to Note 1 for additional information related to the Company's maximum exposure to loss due to our involvement with VIEs. Our guarantees are primarily related to third-party customers, bottlers, vendors and container manufacturing operations and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees was individually significant. The amount represents the maximum potential future

payments that we could be required to make under the guarantees; however, we do not consider it probable that we will be required to satisfy these guarantees.

We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

Legal Contingencies

The Company is involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. Management believes that the total liabilities to the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the Company taken as a whole.

Indemnifications

At the time we acquire or divest an interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. 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 Company taken as a whole. Refer to Note 2.

Tax Audits

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not "more likely than not" to be sustained, (2) the tax position is "more likely than not" to be sustained, but for a lesser amount, or (3) the tax position is "more likely than not" to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities such as legislation and statutes, legislative intent, regulations, rulings and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. The number of years subject to tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the "more likely than not" recognition threshold would be recognized in our income tax expense in the first interim period when the uncertainty disappears under any one of the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. Refer to Note 14.

On September 17, 2015, the Company received a Statutory Notice of Deficiency ("Notice") from the Internal Revenue Service ("IRS") for the tax years 2007 through 2009, after a five-year audit. In the Notice, the IRS claims that the Company's United States taxable income should be increased by an amount that creates a potential additional federal income tax liability of approximately $3.3 billion for the period, plus interest. No penalties were asserted in the Notice. The disputed amounts largely relate to a transfer pricing matter involving the appropriate amount of taxable income the Company should report in the United States in connection with its licensing of intangible property to certain related foreign licensees regarding the manufacturing, distribution, sale, marketing and promotion of products in overseas markets.

During the 2007-2009 audit period, the Company followed the same transfer pricing methodology for these licenses that had consistently been followed since the methodology was agreed with the IRS in a 1996 closing agreement that applied back to 1987. The closing agreement provided prospective penalty protection as long as the Company followed the prescribed methodology and material facts and circumstances and relevant federal tax law have not changed. On February 11, 2016, the IRS notified the Company, without further explanation, that the IRS had determined that material facts and circumstances and relevant federal tax law had changed permitting it to assert penalties. The Company does not agree with this determination. The Company's compliance with the closing agreement was audited and confirmed by the IRS in five successive audit cycles covering the subsequent 11 years through 2006, with the last audit concluding as recently as 2009.

The Notice represents a repudiation of the methodology previously adopted in the 1996 closing agreement. The IRS designated the matter for litigation on October 15, 2015. To the extent the matter remains designated, the Company will be prevented from pursuing any administrative settlement at IRS Appeals or under the IRS Advance Pricing and Mutual Agreement Program.

The Company firmly believes that the IRS' claims are without merit and plans to pursue all available administrative and judicial remedies necessary to resolve this matter. To that end, the Company filed a petition in the U.S. Tax Court on

December 14, 2015, and the IRS filed its answer on February 12, 2016. On October 4, 2017, the IRS filed an amended answer to the Company's petition in which it increased its transfer pricing adjustment by $385 million resulting in an additional tax adjustment of $135 million. A trial date has been set for March 5, 2018. The Company intends to vigorously defend its position and is confident in its ability to prevail on the merits.

On June 20, 2017, the Company filed a motion for summary judgment on the portion of the IRS' adjustments related to our licensee in Mexico. On December 14, 2017, the U.S. Tax Court issued a decision on the summary judgment motion in favor of the Company. This decision effectively reduced the IRS' potential tax adjustment by approximately $138 million.

The Company regularly assesses the likelihood of adverse outcomes resulting from examinations such as this to determine the adequacy of its tax reserves. The Company believes that the final adjudication of this matter will not have a material impact on its consolidated financial position, results of operations or cash flows. However, the ultimate outcome of disputes of this nature is uncertain, and if the IRS were to prevail in any material respect on its assertions, the additional tax, interest and any potential penalties could have a material adverse impact on the Company's financial position, results of operations and cash flows.

Risk Management Programs

The Company has numerous global insurance programs in place to help protect the Company from the risk of loss. In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company's risk of catastrophic loss. Our reserves for the Company's self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claim history. Our self-insurance reserves totaled $480 million and $527 million as of December 31, 2017 and 2016, respectively.

Workforce (Unaudited)

We refer to our employees as "associates." As of December 31, 2017, our Company had approximately 61,800 associates, of which approximately 12,400 associates were located in the United States. Our Company, through its divisions and subsidiaries, is a party to numerous collective bargaining agreements. As of December 31, 2017, approximately 3,700 associates, excluding seasonal hires, in North America were covered by collective bargaining agreements. These agreements typically have terms of three years to five years years. We currently expect that we will be able to renegotiate such agreements on satisfactory terms when they expire. The Company believes that its relations with its associates are generally satisfactory.

Operating Leases

The following table summarizes our minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2017 (in millions):

Year Ended December 31,	Operating Lease Payments
2018	$ 130
2019	85
2020	69
2021	59
2022	52
Thereafter	147
Total minimum operating lease payments[1]	$ 542

[1] Income associated with sublease arrangements is not significant.

NOTE 12: STOCK-BASED COMPENSATION PLANS

Our Company grants awards under its stock-based compensation plans to certain employees of the Company. Total stock-based compensation expense was $219 million, $258 million and $236 million in 2017, 2016 and 2015, respectively, and was included as a component of selling, general and administrative expenses in our consolidated statements of income. The total income tax benefit recognized in our consolidated statements of income related to

awards under these plans was $44 million, $71 million and $65 million in 2017, 2016 and 2015, respectively. Beginning in 2015, certain employees who had previously been eligible for long-term equity awards received long-term performance cash awards. Employees who receive these performance cash awards do not receive equity awards as part of the long-term incentive program. In late 2017, the Company changed the long-term incentive program for certain employees previously eligible for the performance cash award. These

employees no longer participate in the long-term incentive program and were issued a final restricted stock unit award that vests ratably over five years.

As of December 31, 2017, we had $286 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans. This cost is expected to be recognized over a weighted-average period of 3.0 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards.

The Coca-Cola Company 2014 Equity Plan ("2014 Equity Plan") was approved by shareowners in April 2014. Under the 2014 Equity Plan, a maximum of 500 million shares of our common stock was approved to be issued, through the grant of equity awards, to certain employees. The 2014 Equity Plan allows for grants of stock options, performance share units, restricted stock units, restricted stock and other specified award types, including cash awards with performance-based vesting criteria. Beginning in 2015, the 2014 Equity Plan was the primary plan in use for equity awards and performance cash awards. There were no grants made from the 2014 Equity Plan prior to 2015. As of December 31, 2017, there were 413.6 million shares available to be granted under the 2014 Equity Plan. In addition to the 2014 Equity Plan, there were 2.7 million shares available to be granted under stock option plans approved by shareowners in 1999 and 2008 and 0.2 million shares available to be granted under a restricted stock award plan approved by shareowners in 1989.

Stock Option Awards

Stock options have generally been granted with an exercise price equal to the average of the high and low market prices per share for the Company's stock on the date of grant. The fair value of each stock option award is estimated using a Black-Scholes-Merton option-pricing model and is amortized over the vesting period, generally four years. The weighted-average fair value of stock options granted during the past three years and the weighted-average assumptions used in the Black-Scholes-Merton option-pricing model for such grants were as follows:

	2017	2016	2015
Fair value of stock options at grant date	**$ 3.98**	$ 4.17	$ 4.38
Dividend yield[1]	**3.6 %**	3.2 %	3.1 %
Expected volatility[2]	**15.5 %**	16.0 %	16.0 %
Risk-free interest rate[3]	**2.2 %**	1.5 %	1.8 %
Expected term of the stock options[4]	**6 years**	6 years	6 years

[1] The dividend yield is the calculated yield on the Company's stock at the time of the grant.

[2] Expected volatility is based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors.

[3] The risk-free interest rate for the period matching the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

[4] The expected term of the stock options represents the period of time that options granted are expected to be outstanding and is derived by analyzing historical exercise behavior.

Generally, stock options granted from 1999 through July 2003 expire 15 years from the date of grant, and stock options granted in December 2003 and thereafter expire 10 years from the date of grant. The shares of common stock to be issued and/or sold upon exercise of stock options are made available from either authorized and unissued Company common stock or from the Company's treasury shares. In 2007, the Company began issuing common stock under its stock-based compensation plans from the Company's treasury shares.

Stock option activity for all plans for the year ended December 31, 2017, was as follows:

	Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (In millions)
Outstanding on January 1, 2017	220	$ 33.70		
Granted	9	40.89		
Exercised	(53)	30.28		
Forfeited/expired	(3)	38.34		
Outstanding on December 31, 2017[1]	173	$ 35.02	4.84 years	$ 1,879
Expected to vest	171	$ 34.96	4.81 years	$ 1,869
Exercisable on December 31, 2017	142	$ 33.89	4.27 years	$ 1,700

[1] Includes 0.3 million stock option replacement awards in connection with our acquisition of Old CCE's North America business in 2010. These options had a weighted-average exercise price of $12.86 and generally vest over 3 years and expire 10 years from the original date of grant.

The total intrinsic value of the stock options exercised was $744 million, $787 million and $594 million in 2017, 2016 and 2015, respectively. The total shares exercised were 53 million, 50 million and 44 million in 2017, 2016 and 2015, respectively.

Performance Share Unit Awards

Performance share units require achievement of certain performance criteria, which are predefined by the Compensation Committee of the Board of Directors at the time of grant. The primary performance criterion used is compound annual growth in economic profit over a predefined performance period, which is generally three years. Economic profit is our net operating profit after tax less the cost of the capital used in our business. Beginning in 2015, the Company added net operating revenues as an additional performance criterion. Economic profit and net operating revenues are adjusted for certain items, which are approved and certified by the Audit Committee of the Board of Directors. The purpose of these adjustments is to ensure a consistent year-to-year comparison of the specific performance criteria. In the event the certified results equal the predefined performance criteria, the Company will grant the number of shares equal to the target award. In the event the certified results exceed the predefined performance criteria, additional shares up to the maximum award will be granted. In the event the certified results fall below the predefined performance criteria, a reduced number of shares will be granted. If the certified results fall below the threshold award performance level, no shares will be granted. The performance share units granted under this program are then generally subject to a holding period of one year before the shares are released.

Performance share units generally do not entitle participants to vote or receive dividends. For most performance share units granted beginning in 2014, the Company includes a relative TSR modifier to determine the number of shares earned at the end of the performance period. For these awards, the number of shares earned based on the certified achievement of the predefined performance criteria will be reduced or increased if the Company's total shareowner return over the performance period relative to a predefined compensation comparator group of companies falls outside of a defined range. The fair value of performance share units that include the TSR modifier is determined using a Monte Carlo valuation model. For the remaining awards that do not include the TSR modifier, the fair value of the performance share units is the quoted market value of the Company's stock on the grant date less the present value of the expected dividends not received during the relevant period.

In the period it becomes probable that the minimum performance criteria specified in the award will be achieved, we recognize expense for the proportionate share of the total fair value of the performance share units related to the vesting period that has already lapsed for the shares expected to vest and be released. The remaining fair value of the shares expected to vest and be released is expensed on a straight-line basis over the balance of the vesting period. In the event the Company determines it is no longer probable that we will achieve the minimum performance criteria specified in the award, we reverse all of the previously recognized compensation expense in the period such a determination is made.

Performance share units are generally settled in stock, except for certain circumstances such as death or disability, in which case former employees or their beneficiaries are provided a cash equivalent payment. As of December 31,

2017, performance share units of 2,088,000, 2,985,000 and 3,139,000 were outstanding for the 2015–2017, 2016–2018 and 2017–2019 performance periods, respectively, based on the target award amounts in the performance share unit agreements.

The following table summarizes information about performance share units based on the target award amounts in the performance share unit agreements:

	Performance Share Units (In thousands)		Weighted-Average Grant Date Fair Value
Outstanding on January 1, 2017	9,773	$	35.77
Granted	4,133		34.75
Conversions to restricted stock units[1]	(4,851)		32.35
Paid in cash equivalent	(11)		34.15
Canceled/forfeited	(832)		37.20
Outstanding on December 31, 2017[2]	8,212	$	37.14

[1] Represents the target amount of performance share units converted to restricted stock units for the 2014–2016 performance period. The vesting of restricted stock units is subject to the terms of the performance share unit agreements.

[2] The outstanding performance share units as of December 31, 2017, at the threshold award and maximum award levels were 2.2 million and 15.4 million, respectively.

The weighted-average grant date fair value of performance share units granted was $34.75 in 2017, $39.70 in 2016 and $37.99 in 2015. The Company did not convert any performance share units into cash equivalent payments in 2015. The Company converted performance share units of 11,052 in 2017 and 52,545 in 2016 to cash equivalent payments of $0.4 million and $1.9 million, respectively, to former employees or their beneficiaries due to certain events such as death or disability.

The following table summarizes information about nonvested performance-based restricted stock units based on the performance share units' certified award level:

	Restricted Stock Units (In thousands)		Weighted-Average Grant Date Fair Value
Nonvested on January 1, 2017	—	$	—
Conversions from performance share units	7,181		32.33
Vested and released	(3)		32.35
Canceled/forfeited	(430)		32.30
Nonvested on December 31, 2017	6,748	$	32.35

The total intrinsic value of restricted shares that were vested and released was less than $1 million in both 2017 and 2016 and $5 million in 2015. The total restricted share units vested and released were 3,037 in 2017, 7,101 in 2016 and 130,017 in 2015.

Time-Based Restricted Stock and Restricted Stock Unit Awards

Prior to the release date, time-based restricted stock and restricted stock units granted from the 2014 Equity Plan do not entitle participants to vote or receive dividends and will be forfeited in the event of the recipient's termination of employment, except for reasons such as death or disability. Certain other time-based restricted stock awards entitle participants to vote and receive dividends. The fair value of the restricted stock and restricted stock units expected to vest and be released is expensed on a straight-line basis over the vesting period. As of December 31, 2017, the Company had outstanding nonvested time-based restricted stock, including restricted stock units, of 3,534,660, most of which do not pay dividends or have voting rights.

The following table summarizes information about nonvested time-based restricted stock awards:

	Restricted Stock and Stock Units (In thousands)		Weighted-Average Grant Date Fair Value
Outstanding on January 1, 2017	770	$	37.54

Granted	2,994		41.62
Vested and released	(179)		37.36
Forfeited/expired	(50)		38.35
Outstanding on December 31, 2017	3,535	$	40.99

NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefit plans covering substantially all U.S. employees. We also sponsor nonqualified, unfunded defined benefit pension plans for certain associates. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

We refer to the funded defined benefit pension plan in the United States that is not associated with collective bargaining organizations as the "primary U.S. plan." As of December 31, 2017, the primary U.S. plan represented 64 percent and 65 percent of the Company's consolidated projected benefit obligation and pension assets, respectively.

Obligations and Funded Status

The following table sets forth the changes in benefit obligations and the fair value of plan assets for our benefit plans (in millions):

	Pension Benefits		Other Benefits	
Year Ended December 31,	**2017**	2016	**2017**	2016
Benefit obligation at beginning of year[1]	**$ 9,428**	$ 9,159	**$ 962**	$ 940
Service cost	**197**	239	**17**	22
Interest cost	**306**	319	**29**	31
Foreign currency exchange rate changes	**150**	(38)	**4**	(2)
Amendments	**1**	17	**(21)**	(4)
Actuarial loss (gain)	**420**	441	**(28)**	20
Benefits paid[2]	**(341)**	(346)	**(71)**	(64)
Divestitures[3]	**(7)**	(16)	**(66)**	(2)
Settlements[4]	**(832)**	(384)	**—**	—
Curtailments[4]	**(10)**	—	**(48)**	(17)
Special termination benefits[4]	**106**	37	**—**	2
Other	**37**	—	**4**	36
Benefit obligation at end of year[1]	**$ 9,455**	$ 9,428	**$ 782**	$ 962
Fair value of plan assets at beginning of year	**$ 8,371**	$ 7,689	**$ 255**	$ 245
Actual return on plan assets	**1,139**	690	**31**	8
Employer contributions	**181**	718	**—**	—
Foreign currency exchange rate changes	**196**	(70)	**—**	—
Benefits paid	**(285)**	(270)	**(3)**	(3)
Divestitures[3]	**—**	(16)	**—**	—
Settlements[4]	**(794)**	(374)	**—**	—
Other	**35**	4	**5**	5
Fair value of plan assets at end of year	**$ 8,843**	$ 8,371	**$ 288**	$ 255
Net liability recognized	**$ (612)**	$ (1,057)	**$ (494)**	$ (707)

[1] For pension benefit plans, the benefit obligation is the projected benefit obligation. For other benefit plans, the benefit obligation is the accumulated postretirement benefit obligation. The accumulated benefit obligation for our pension plans was $9,175 million and $9,141 million as of December 31, 2017 and 2016, respectively.

Benefits paid to pension plan participants during 2017 and 2016 included $56 million and $76 million, respectively, in payments related to unfunded pension plans that were paid from Company assets. Benefits paid to participants of other benefit plans during 2017 and 2016 included $68 million and $61 million, respectively, that were paid from Company assets.

[3] Divestitures were primarily related to the deconsolidation of the Company's German bottling operations in May 2016 and the Company's North America refranchising in 2017. Refer to Note 2.

[4] Settlements, curtailments and special termination benefits were primarily related to the Company's North America refranchising and productivity, restructuring and integration initiatives. Refer to Note 2 and Note 18.

Pension and other benefit amounts recognized in our consolidated balance sheets are as follows (in millions):

	Pension Benefits		Other Benefits	
December 31,	**2017**	2016	**2017**	2016
Noncurrent asset	**$ 921**	$ 572	**$ —**	$ —
Current liability	**(72)**	(71)	**(21)**	(23)
Long-term liability	**(1,461)**	(1,558)	**(473)**	(684)
Net liability recognized	**$ (612)**	$ (1,057)	**$ (494)**	$ (707)

Certain of our pension plans have projected benefit obligations in excess of the fair value of plan assets. For these plans, the projected benefit obligations and the fair value of plan assets were as follows (in millions):

December 31,	**2017**	2016
Projected benefit obligation	**$ 7,833**	$ 7,907
Fair value of plan assets	**6,330**	6,303

Certain of our pension plans have accumulated benefit obligations in excess of the fair value of plan assets. For these plans, the accumulated benefit obligations and the fair value of plan assets were as follows (in millions):

December 31,	**2017**	2016
Accumulated benefit obligation	**$ 7,614**	$ 7,668
Fair value of plan assets	**6,305**	6,257

Pension Plan Assets

The following table presents total assets for our U.S. and non-U.S. pension plans (in millions):

	U.S. Plans		Non-U.S. Plans	
December 31,	**2017**	2016	**2017**	2016
Cash and cash equivalents	**$ 454**	$ 229	**$ 237**	$ 173
Equity securities:				
U.S.-based companies	**1,427**	1,208	**670**	619
International-based companies	**911**	451	**554**	488
Fixed-income securities:				
Government bonds	**183**	395	**191**	131
Corporate bonds and debt securities	**785**	854	**42**	142
Mutual, pooled and commingled funds[1]	**215**	693	**766**	440
Hedge funds/limited partnerships	**939**	1,172	**44**	41
Real estate	**596**	521	**2**	2
Other	**518**	538	**309**	274
Total pension plan assets[2]	**$ 6,028**	$ 6,061	**$ 2,815**	$ 2,310

[1] Mutual, pooled and commingled funds include investments in equity securities, fixed-income securities and combinations of both. There are a significant number of mutual, pooled and commingled funds from which investors can choose. The selection of the type of fund is dictated by the specific investment objectives and needs of a given plan. These objectives and needs vary greatly between plans.

[2] Fair value disclosures related to our pension assets are included in Note 16. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall; a reconciliation of the beginning and ending balances of Level 3 assets; and information about the valuation techniques and inputs used to measure the fair value of our pension assets.

Investment Strategy for U.S. Pension Plans

The Company utilizes the services of investment managers to actively manage the assets of our U.S. pension plans. We have established asset allocation targets and investment guidelines with each investment manager. Our asset allocation targets promote optimal expected return and volatility characteristics given the long-term time horizon for fulfilling the obligations of

the plans. Selection of the targeted asset allocation for U.S. plan assets was based upon a review of the expected return and risk characteristics of each asset class, as well as the correlation of returns among asset classes. Our target allocation is a mix of 42 percent equity investments, 30 percent fixed-income investments and 28 percent alternative investments. We believe this target allocation will enable us to achieve the following long-term investment objectives:

(1) optimize the long-term return on plan assets at an acceptable level of risk;

(2) maintain a broad diversification across asset classes and among investment managers; and

(3) maintain careful control of the risk level within each asset class.

The guidelines that have been established with each investment manager provide parameters within which the investment managers agree to operate, including criteria that determine eligible and ineligible securities, diversification requirements and credit quality standards, where applicable. Unless exceptions have been approved, investment managers are prohibited from buying or selling commodities, futures or option contracts, as well as from short selling of securities. Additionally, investment managers agree to obtain written approval for deviations from stated investment style or guidelines. As of December 31, 2017, no investment manager was responsible for more than 9 percent of total U.S. plan assets.

Our target allocation of 42 percent equity investments is composed of 60 percent global equities, 16 percent emerging market equities and 24 percent domestic small- and mid-cap equities. Optimal returns through our investments in global equities are achieved through security selection as well as country and sector diversification. Investments in the common stock of our Company accounted for approximately 4 percent of our total global equities and approximately 2 percent of total U.S. plan assets. Our investments in global equities are intended to provide diversified exposure to both U.S. and non-U.S. equity markets. Our investments in both emerging market equities and domestic small- and mid-cap equities may experience large swings in their market value. Our investments in these asset classes are selected based on capital appreciation potential.

Our target allocation of 30 percent fixed-income investments is composed of 33 percent long-duration bonds and 67 percent with multi-strategy alternative credit managers. Long-duration bonds are intended to provide a stable rate of return through investments in high-quality publicly traded debt securities. Our investments in long-duration bonds are diversified in order to mitigate duration and credit exposure. Multi-strategy alternative credit managers invest in a combination of high-yield bonds, bank loans, structured credit and emerging market debt. These investments are in lower-rated and non-rated debt securities, which generally produce higher returns compared to long-duration bonds and also help to diversify our overall fixed-income portfolio.

In addition to equity investments and fixed-income investments, we have a target allocation of 28 percent in alternative investments. These alternative investments include hedge funds, reinsurance, private equity limited partnerships, leveraged buyout funds, international venture capital partnerships and real estate. The objective of investing in alternative investments is to provide a higher rate of return than that available from publicly traded equity securities. These investments are inherently illiquid and require a long-term perspective in evaluating investment performance.

Investment Strategy for Non-U.S. Pension Plans

As of December 31, 2017, the long-term target allocation for 73 percent of our international subsidiaries' pension plan assets, primarily certain of our European and Canadian plans, is 71 percent equity securities, 10 percent fixed-income securities and 19 percent other investments. The actual allocation for the remaining 27 percent of the Company's international subsidiaries' plan assets consisted of 55 percent mutual, pooled and commingled funds; 5 percent fixed-income securities; and 40 percent other investments. The investment strategies for our international subsidiaries' plans differ greatly, and in some instances are influenced by local law. None of our pension plans outside the United States is individually significant for separate disclosure.

Other Postretirement Benefit Plan Assets

Plan assets associated with other postretirement benefits primarily represent funding of one of the U.S. postretirement benefit plans through a Voluntary Employee Beneficiary Association ("VEBA"), a tax-qualified trust. The VEBA assets are primarily invested in liquid assets due to the level and timing of expected future benefit payments.

The following table presents total assets for our other postretirement benefit plans (in millions):

December 31,	2017	2016
Cash and cash equivalents	**$ 78**	$ 2
Equity securities:		
U.S.-based companies	**96**	116
International-based companies	**8**	8
Fixed-income securities:		
Government bonds	**2**	3
Corporate bonds and debt securities	**7**	6
Mutual, pooled and commingled funds	**80**	103
Hedge funds/limited partnerships	**8**	9
Real estate	**5**	4
Other	**4**	4
Total other postretirement benefit plan assets[1]	**$ 288**	$ 255

[1] Fair value disclosures related to our other postretirement benefit plan assets are included in Note 16. Fair value disclosures include, but are not limited to, the levels within the fair value hierarchy in which the fair value measurements in their entirety fall and information about the valuation techniques and inputs used to measure the fair value of our other postretirement benefit plan assets.

Components of Net Periodic Benefit Cost

Net periodic benefit cost for our pension and other postretirement benefit plans consisted of the following (in millions):

	Pension Benefits			Other Benefits		
Year Ended December 31,	2017	2016	2015	2017	2016	2015
Service cost	**$ 197**	$ 239	$ 265	**$ 17**	$ 22	$ 27
Interest cost	**306**	319	379	**29**	31	37
Expected return on plan assets[1]	**(650)**	(653)	(705)	**(12)**	(11)	(11)
Amortization of prior service credit	**—**	(2)	(2)	**(18)**	(19)	(19)
Amortization of actuarial loss[2]	**175**	183	199	**8**	7	10
Net periodic benefit cost	**28**	86	136	**24**	30	44
Settlement charges[3]	**228**	118	149	**—**	—	—
Curtailment charge (credit)[3]	**4**	—	—	**(79)**	—	—
Special termination benefits[3]	**106**	37	20	**—**	1	2
Other	**2**	(3)	—	**—**	23	—
Total cost (income) recognized in consolidated statements of income	**$ 368**	$ 238	$ 305	**$ (55)**	$ 54	$ 46

[1] The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

[2] Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the plan participants.

[3] The settlement charges, curtailment charge (credit) and special termination benefits were primarily related to the Company's North America refranchising and productivity, restructuring and integration initiatives. Refer to Note 2 and Note 18.

The following table sets forth the changes in AOCI for our benefit plans (in millions, pretax):

	Pension Benefits		Other Benefits	
Year Ended December 31,	**2017**	2016	**2017**	2016
Balance in AOCI at beginning of year	**$ (2,932)**	$ (2,907)	**$ (48)**	$ (26)
Recognized prior service cost (credit)	**4**	(2)	**(54)** [4]	(28) [5]
Recognized net actuarial loss (gain)	**403** [2]	301 [3]	**(36)** [4]	7
Prior service credit (cost) arising in current year	**(1)**	(17)	**21**	4
Net actuarial (loss) gain arising in current year	**75**	(404)	**92** [4]	(6) [5]
Impact of divestitures[1]	**—**	64	**—**	—
Foreign currency translation gain (loss)	**(42)**	33	**(1)**	1
Balance in AOCI at end of year	**$ (2,493)**	$ (2,932)	**$ (26)**	$ (48)

[1] Related to the deconsolidation of our German bottling operations. Refer to Note 2.

[2] Includes
$228 million of recognized net actuarial losses due to the impact of settlements.

[3] Includes
$118 million of recognized net actuarial losses due to the impact of settlements.

[4] Includes $36 million of recognized prior service credit, $43 million of recognized net actuarial gains and $45 million of actuarial gains arising in the current year due to the impact of curtailments.

[5] Includes $9 million of recognized prior service credit and $17 million of actuarial gains arising in the current year due to the impact of curtailments.

The following table sets forth amounts in AOCI for our benefit plans (in millions, pretax):

	Pension Benefits		Other Benefits	
December 31,	**2017**	2016	**2017**	2016
Prior service credit (cost)	**$ (10)**	$ (14)	**$ 36**	$ 69
Net actuarial loss	**(2,483)**	(2,918)	**(62)**	(117)
Balance in AOCI at end of year	**$ (2,493)**	$ (2,932)	**$ (26)**	$ (48)

Amounts in AOCI expected to be recognized as components of net periodic benefit cost in 2018 are as follows (in millions, pretax):

	Pension Benefits	Other Benefits
Amortization of prior service cost (credit)	$ (3)	$ (14)
Amortization of actuarial loss	147	4
Total	$ 144	$ (10)

Assumptions

Certain weighted-average assumptions used in computing the benefit obligations are as follows:

	Pension Benefits		Other Benefits	
December 31,	**2017**	2016	**2017**	2016
Discount rate	**3.50 %**	4.00 %	**3.50 %**	4.00 %
Rate of increase in compensation levels	**3.50 %**	3.75 %	**N/A**	N/A

Certain weighted-average assumptions used in computing net periodic benefit cost are as follows:

	Pension Benefits			Other Benefits		
Year Ended December 31,	**2017**	2016	2015	**2017**	2016	2015
Discount rate	**4.00 %**	4.25 %	3.75 %	**4.00 %**	4.25 %	3.75 %
Rate of increase in compensation levels	**3.75 %**	3.50 %	3.50 %	**N/A**	N/A	N/A
Expected long-term rate of return on plan assets	**8.00 %**	8.25 %	8.25 %	**4.75 %**	4.75 %	4.75 %

The expected long-term rate of return assumption for U.S. pension plan assets is based upon the target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. We evaluate the rate of return assumption on an annual basis. The expected long-term rate of return assumption used in computing 2017 net periodic pension cost for the U.S. plans was 8.00 percent. As of December 31, 2017, the 5-year, 10-year and 15-year annualized return on plan assets for the primary U.S. plan was 8.8 percent, 5.4 percent and 8.5 percent, respectively. The annualized return since inception was 10.7 percent.

The assumed health care cost trend rates are as follows:

December 31,	**2017**	2016
Health care cost trend rate assumed for next year	**7.00 %**	7.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5.00 %**	5.00 %
Year that the rate reaches the ultimate trend rate	**2022**	2021

The Company's U.S. postretirement benefit plans are primarily defined dollar benefit plans that limit the effects of medical inflation because the plans have established dollar limits for determining our contributions. As a result, the effect of a 1 percentage point change in the assumed health care cost trend rate would not be significant to the Company.

The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. Rates for U.S. and certain non-U.S. plans at December 31, 2017, were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. For other non-U.S. plans, we base the discount rate on comparable indices within each of the countries. The rate of compensation increase assumption is determined by the Company based upon annual reviews. We review external data and our own historical trends for health care costs to determine the health care cost trend rate assumptions.

Effective January 1, 2016, for benefit plans using the yield curve approach, the Company changed the method used to calculate the service cost and interest cost components of net periodic benefit cost for pension and other postretirement benefit plans and is measuring these components by applying the specific spot rates along the yield curve to the plans' projected cash flows. The Company believes the new approach provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and the corresponding spot rates. The change did not affect the measurement of the Company's pension and other postretirement benefit obligations for those plans and was accounted for as a change in accounting estimate, which was applied prospectively.

Cash Flows

Our estimated future benefit payments for funded and unfunded plans are as follows (in millions):

Year Ended December 31,	2018	2019	2020	2021	2022	2023–2027
Pension benefit payments	$ 713	$ 461	$ 482	$ 489	$ 500	$ 2,642
Other benefit payments[1]	64	62	61	59	57	258
Total estimated benefit payments	$ 777	$ 523	$ 543	$ 548	$ 557	$ 2,900

[1] The expected benefit payments for our other postretirement benefit plans are net of estimated federal subsidies expected to be received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Federal subsidies are estimated to be $4 million for the period 2018–2022, and $3 million for the period 2023–2027.

The Company anticipates making pension contributions in 2018 of $59 million, all of which will be allocated to our international plans. The majority of these contributions are required by funding regulations or law.

Defined Contribution Plans

Our Company sponsors qualified defined contribution plans covering substantially all U.S. employees. Under the largest U.S. defined contribution plan, we match participants' contributions up to a maximum of 3.5 percent of compensation, subject to certain limitations. Company costs related to the U.S. plans were $61 million, $82 million

and $94 million in 2017, 2016 and 2015, respectively. We also sponsor defined contribution plans in certain locations outside the United States. Company costs associated with those plans were $35 million, $37 million and $35 million in 2017, 2016 and 2015, respectively.

Multi-Employer Pension Plans

As a result of our acquisition of Old CCE's North America business in 2010, the Company participates in various multi-employer pension plans in the United States. Multi-employer pension plans are designed to cover employees from multiple employers and are typically established under collective bargaining agreements. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the daily administration of the plan.

Multi-employer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions.

The Company's expense for U.S. multi-employer pension plans totaled $35 million, $41 million and $40 million in 2017, 2016 and 2015, respectively. The plans we currently participate in have contractual arrangements that extend into 2021. If, in the future, we choose to withdraw from any of the multi-employer pension plans in which we currently participate, we would need to record the appropriate withdrawal liabilities at that time.

NOTE 14: INCOME TAXES

Income from continuing operations before income taxes consisted of the following (in millions):

Year Ended December 31,	**2017**	2016	2015
United States	**$ (690) [1]**	$ 113 [1]	$ 1,801 [1]
International	**7,432**	8,023	7,804
Total	**$ 6,742**	$ 8,136	$ 9,605

[1] Includes charges of $2,140 million, $2,456 million and $1,006 million related to refranchising certain bottling territories in North America in 2017, 2016 and 2015, respectively. Refer to Note 2.

Income taxes from continuing operations consisted of the following for the years ended December 31, 2017, 2016 and 2015 (in millions):

	United States	State and Local	International	Total
2017				
Current	**$ 5,438 [1]**	**$ 121**	**$ 1,257**	**$ 6,816**
Deferred	**(1,783) [1,2]**	**14**	**513 [1]**	**(1,256)**
2016				
Current	$ 1,147	$ 113	$ 1,182	$ 2,442
Deferred	(838) [2]	(91)	73	(856)
2015				
Current	$ 711	$ 69	$ 1,386	$ 2,166
Deferred	120	45	(92)	73

[1] Includes our reasonable estimate of the effects on our existing deferred tax balances and the one-time transition tax resulting from the Tax Cuts and Jobs Act ("Tax Reform Act") that was signed into law on December 22, 2017. The provisional amount related to the one-time transition tax on the mandatory deemed repatriation of prescribed foreign earnings was $4.6 billion of tax expense based on cumulative prescribed foreign earnings estimated to be $42 billion. The provisional amount that was primarily related to the remeasurement of certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future was a net deferred tax benefit of $1.0 billion.

[2] Includes the benefit from charges related to refranchising certain bottling territories in North America. Refer to Note 2.

Income taxes from discontinued operations consisted of $55 million of current expense and $8 million of deferred tax benefit for the year ended December 31, 2017.

We made income tax payments of $1,904 million, $1,554 million and $2,357 million in 2017, 2016 and 2015, respectively.

Our effective tax rate reflects the tax benefits of having significant operations outside the United States, which are generally taxed at rates lower than the U.S. statutory rate of 35.0 percent. As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants, including

Brazil, Costa Rica, Singapore and Swaziland. The terms of these grants expire from 2018 to 2036. We anticipate that we will be able to extend or renew the grants in these locations. Tax incentive grants favorably impacted our income tax expense by $221 million, $105 million and

$223 million for the years ended December 31, 2017, 2016 and 2015, respectively. In addition, our effective tax rate reflects the benefits of having significant earnings generated in investments accounted for under the equity method of accounting, which are generally taxed at rates lower than the U.S. statutory rate.

A reconciliation of the statutory U.S. federal tax rate and our effective tax rate is as follows:

Year Ended December 31,	**2017**	2016	2015
Statutory U.S. federal tax rate	**35.0 %**	35.0 %	35.0 %
State and local income taxes — net of federal benefit	**1.2**	1.2	1.2
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	**(9.7)**	(17.5) [5]	(12.7)
Equity income or loss	**(3.4)**	(3.0)	(1.7)
Tax Reform Act	**53.5** [1]	—	—
Other — net	**5.9** [2,3,4]	3.8 [6]	1.5
Effective tax rate	**82.5 %**	19.5 %	23.3 %

[1] Includes net tax expense of $3,610 million primarily related to our reasonable estimate of the one-time transition tax resulting from the Tax Reform Act that was signed into law on December 22, 2017, partially offset by the impact of the lower rate introduced by the Tax Reform Act on our existing deferred tax balances.

[2] Includes excess tax benefits of $132 million (or a 2 percent impact on our effective tax rate) recognized as awards issued under the Company's share-based compensation arrangements vested or were settled.

[3] Includes net tax expense of $1,048 million on a pretax gain of $1,037 million (or a 10.2 percent impact on our effective tax rate) related to the Southwest Transaction, in conjunction with which we obtained an equity interest in AC Bebidas. The Company accounts for its interest in AC Bebidas as an equity method investment and the net tax expense was primarily the result of the deferred tax recorded on the basis difference in this investment. Refer to Note 2.

[4] Includes a $156 million net tax benefit related to the impact of manufacturing incentives and permanent book to tax adjustments.

[5] Includes tax expense of $97 million related to a pretax gain of $1,323 million (or a 4.5 percent impact on our effective tax rate) related to
the deconsolidation of our German bottling operations. Refer to Note 2.

[6] Includes tax expense of $157 million (or a 1.9 percent impact on our effective tax rate) primarily related to amounts required to be
recorded for changes to our uncertain tax positions, including interest and penalties, in certain domestic jurisdictions.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. U.S. tax authorities have completed their federal income tax examinations for all years prior to 2007. With respect to state and local jurisdictions and countries outside the United States, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years before 2003. For U.S. federal and state tax purposes, the net operating losses and tax credit carryovers acquired in connection with our acquisition of Old CCE's North America business that were generated between the years of 1990 through 2010 are subject to adjustments until the year in which they are actually utilized is no longer subject to examination. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for any adjustments that are expected to result from those years.

On September 17, 2015, the Company received a Notice from the IRS for the tax years 2007 through 2009, after a five-year audit. Refer to Note 11.

As of December 31, 2017, the gross amount of unrecognized tax benefits was $331 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit of $205 million, exclusive of any benefits related to interest and penalties. The remaining $126 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross amount of unrecognized tax benefits is as follows (in millions):

Year Ended December 31,		**2017**		2016		2015
Beginning balance of unrecognized tax benefits	**$**	**302**	$	168	$	211
Increase related to prior period tax positions		**18**		163 [1]		4
Decrease related to prior period tax positions		**(13)**		—		(9)
Increase related to current period tax positions		**13**		17		5
Decrease related to settlements with taxing authorities		**—**		(40) [1]		(5)
Decrease due to lapse of the applicable statute of limitations		**—**		—		(23)
Increase (decrease) due to effect of foreign currency exchange rate changes		**11**		(6)		(15)
Ending balance of unrecognized tax benefits	**$**	**331**	$	302	$	168

[1] The increase is primarily related to a change in judgment about one of the Company's tax positions as a result of receiving notification of a preliminary settlement of a Competent Authority matter with a foreign jurisdiction, a portion of which became certain later in the year. This change in position did not have a material impact on the Company's consolidated statement of income during the year ended December 31, 2016, as it was partially offset by refunds to be received from the foreign jurisdiction.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had $177 million, $142 million and $111 million in interest and penalties related to unrecognized tax benefits accrued as of December 31, 2017, 2016 and 2015, respectively. Of these amounts, $35 million and $31 million of expense were recognized through income tax expense in 2017 and 2016, respectively. An insignificant amount of interest and penalties was recognized through income tax expense for the year ended December 31, 2015. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company's effective tax rate.

It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a significant impact on our consolidated statement of income or consolidated balance sheet. These changes may be the result of settlements of ongoing audits, statute of limitations expiring or final settlements in transfer pricing matters that are the subject of litigation. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

The one-time transition tax is based on our total accumulated post-1986 prescribed foreign earnings and profits ("E&P") estimated to be $42 billion, the majority of which was previously considered to be indefinitely reinvested and, accordingly, no U.S. federal and state income taxes were provided. We recorded a provisional tax amount of $4.6 billion as a reasonable estimate for our one-time transition tax liability and a $0.6 billion provisional deferred tax of related withholding taxes and state income taxes. Because of the complexities of the Tax Reform Act, we are still finalizing our calculation of the total accumulated post-1986 prescribed E&P for the applicable foreign entities. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when we finalize the calculation of accumulated post-1986 prescribed foreign E&P and finalize the amounts held in cash or other specified assets. No additional income taxes have been provided for any additional outside basis differences inherent in these entities, as these amounts continue to be provisionally indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any additional outside basis differences in these entities (i.e., basis differences in excess of that subject to the one-time transition tax) is not practicable. We also remeasured and adjusted certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21.0 percent.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to finalize the calculations for certain income tax effects of the Tax Reform Act. In accordance with SAB 118, the Company has determined that the net tax charge of $3.6 billion recorded in connection with the tax effect of the Tax Reform Act is a provisional amount and a reasonable estimate as of December 31, 2017. Additional work is necessary to finalize the calculation for certain income tax effects of the Tax Reform Act. Additionally, certain of our equity method investees are impacted by the Tax Reform Act and have recorded provisional tax amounts. To the extent their provisional amounts are refined in 2018, we will record our proportionate share in the line item equity income (loss) — net in our consolidated statement of income.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Reform Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Company has not yet elected an accounting policy related to how it will account for GILTI and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the year ended December 31, 2017.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consist of the following (in millions):

December 31,		2017		2016
Deferred tax assets:				
Property, plant and equipment	$	99	$	144
Trademarks and other intangible assets		98		114
Equity method investments (including foreign currency translation adjustment)		300		684
Derivative financial instruments		387		193
Other liabilities		861		1,141
Benefit plans		977		1,599
Net operating/capital loss carryforwards		520		461
Other		163		135
Gross deferred tax assets		3,405		4,471
Valuation allowances		(501)		(530)
Total deferred tax assets[1,2]	$	2,904	$	3,941
Deferred tax liabilities:				
Property, plant and equipment	$	(819)	$	(1,176)
Trademarks and other intangible assets		(978)		(2,694)
Equity method investments (including foreign currency translation adjustment)		(1,835)		(1,718)
Derivative financial instruments		(436)		(1,121)
Other liabilities		(50)		(149)
Benefit plans		(289)		(487)
Other		(688)		(635)
Total deferred tax liabilities[3]		(5,095)		(7,980)
Net deferred tax liabilities[4]	$	(2,191)	$	(4,039)

[1] Current deferred tax assets of $80 million were included in the line item prepaid expenses and other assets in our consolidated balance sheet as of December 31, 2016.

[2] Noncurrent deferred tax assets of $331 million and $326 million were included in the line item other assets in our consolidated balance sheets as of December 31, 2017 and 2016, respectively.

[3] Current deferred tax liabilities of $692 million were included in the line item accounts payable and accrued expenses in our consolidated balance sheet as of December 31, 2016.

[4] The decrease in the net deferred tax liabilities was primarily the result of the remeasurement in accordance with the Tax Reform Act and the impact of refranchising certain bottling territories in North America. Refer to Note 2.

As of December 31, 2017, we had net deferred tax liabilities of $539 million and as of December 31, 2016, we had net deferred tax assets of $83 million located in countries outside the United States.

As of December 31, 2017, we had $4,893 million of loss carryforwards available to reduce future taxable income. Loss carryforwards of $335 million must be utilized within the next five years, and the remainder can be utilized over a period greater than five years.

An analysis of our deferred tax asset valuation allowances is as follows (in millions):

Year Ended December 31,		2017		2016		2015
Balance at beginning of year	$	530	$	477	$	649
Additions		184		68		42
Decrease due to reclassification to assets held for sale		—		(9)		(163)
Deductions		(213)		(6)		(51)

Balance at end of year	**$ 501**	$ 530	$ 477

The Company's deferred tax asset valuation allowances are primarily the result of uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards from operations in various jurisdictions. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character within the carryforward period to allow us to realize these deferred tax benefits. If we were to identify and implement tax planning strategies to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these

valuation allowances and a reduction of income tax expense. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet.

In 2017, the Company recognized a net decrease of $29 million in its valuation allowances. This decrease was primarily due to the reversal of a valuation allowance in a foreign jurisdiction related to expenses incurred in the normal course of business that were previously determined to be non-deductible. In addition, the decrease in value of certain deferred tax assets and related valuation allowance due to the reduction in the U.S. corporate tax rate and changes to deferred tax assets and related valuation allowances on certain equity investments contributed to the net decrease in the valuation allowance. The decreases were partially offset by an increase in the valuation allowance due to increases in the deferred tax asset and related valuation allowances on certain equity investments and recognizing a valuation allowance on deferred tax assets related to net operating losses at certain foreign bottling operations after considering recent negative evidence as to the realizability of those deferred tax assets.

In 2016, the Company recognized a net increase of $53 million in its valuation allowances. This increase was primarily due to the increase in non-deductible expenses incurred during the normal course of business operations.

In 2015, the Company recognized a net decrease of $172 million in its valuation allowances. As a result of our German bottling operations meeting the criteria to be classified as held for sale, the Company was required to present the related assets and liabilities as separate line items in our consolidated balance sheets. In addition, the changes in net operating losses during the normal course of business and changes in deferred tax assets and related valuation allowances on certain equity investments also contributed to a decrease in the valuation allowances. These decreases were partially offset by an increase in the valuation allowances primarily due to the impact of currency devaluations in Venezuela on certain receivables.

NOTE 15: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented in our consolidated balance sheets as a component of The Coca-Cola Company's shareowners' equity, which also includes our proportionate share of equity method investees' AOCI. OCI attributable to noncontrolling interests is allocated to, and included in, our consolidated balance sheets as part of the line item equity attributable to noncontrolling interests.

AOCI attributable to shareowners of The Coca-Cola Company consisted of the following, net of tax (in millions):

December 31,		**2017**		2016
Foreign currency translation adjustments	**$**	**(8,957)**	$	(9,780)
Accumulated derivative net gain (loss)		**(119)**		314
Unrealized net gain (loss) on available-for-sale securities		**493**		305
Adjustments to pension and other benefit liabilities		**(1,722)**		(2,044)
Accumulated other comprehensive income (loss)	**$**	**(10,305)**	$	(11,205)

The following table summarizes the allocation of total comprehensive income between shareowners of The Coca-Cola Company and noncontrolling interests (in millions):

	Year Ended December 31, 2017					
		Shareowners of The Coca-Cola Company		Noncontrolling Interests		Total
Consolidated net income	$	1,248	$	35	$	1,283
Other comprehensive income:						
Net foreign currency translation adjustment		823		38		861
Net gain (loss) on derivatives[1]		(433)		—		(433)
Net change in unrealized gain (loss) on available-for-sale securities[2]		188		—		188
Net change in pension and other benefit liabilities[3]		322		—		322
Total comprehensive income	$	2,148	$	73	$	2,221

[1] Refer to Note 5 for additional information related to the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 3 for additional information related to the net unrealized gain or loss on available-for-sale securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees' OCI, for the years ended December 31, 2017, 2016 and 2015, is as follows (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
2017			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,350)	$ (242)	$ (1,592)
Reclassification adjustments recognized in net income	23	(6)	17
Gains (losses) on intra-entity transactions that are of a long-term investment nature	3,332	—	3,332
Gains (losses) on net investment hedges arising during the year	(1,512)	578	(934)
Net foreign currency translation adjustments	493	330	823
Derivatives:			
Gains (losses) arising during the year	(184)	65	(119)
Reclassification adjustments recognized in net income	(506)	192	(314)
Net gain (loss) on derivatives[1]	(690)	257	(433)
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	405	(136)	269
Reclassification adjustments recognized in net income	(123)	42	(81)
Net change in unrealized gain (loss) on available-for-sale securities[2]	282	(94)	188
Pension and other benefit liabilities:			
Net pension and other benefits arising during the year	120	(7)	113
Reclassification adjustments recognized in net income	325	(116)	209
Net change in pension and other benefit liabilities[3]	445	(123)	322
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ 530	$ 370	$ 900

[1] Refer to Note 5 for additional information related to the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 3 for additional information related to the net unrealized gain or loss on available for sale securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

	Before-Tax Amount	Income Tax	After-Tax Amount
2016			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (1,103)	$ 51	$ (1,052)
Reclassification adjustments recognized in net income	368	(18)	350
Gains (losses) on net investment hedges arising during the year	67	(25)	42
Reclassification adjustments for net investment hedges recognized in net income	77	(30)	47
Net foreign currency translation adjustments	(591)	(22)	(613)
Derivatives:			
Gains (losses) arising during the year	(43)	11	(32)
Reclassification adjustments recognized in net income	(563)	213	(350)
Net gain (loss) on derivatives[1]	(606)	224	(382)
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	124	(28)	96
Reclassification adjustments recognized in net income	(105)	26	(79)
Net change in unrealized gain (loss) on available-for-sale securities[2]	19	(2)	17
Pension and other benefit liabilities:			
Net pension and other benefits arising during the year	(374)	99	(275)
Reclassification adjustments recognized in net income	342	(120)	222
Net change in pension and other benefit liabilities[3]	(32)	(21)	(53)
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (1,210)	$ 179	$ (1,031)

[1] Refer to Note 5 for additional information related to the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 3 for additional information related to the net unrealized gain or loss on available for sale securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

	Before-Tax Amount	Income Tax	After-Tax Amount
2015			
Foreign currency translation adjustments:			
Translation adjustments arising during the year	$ (4,626)	$ 243	$ (4,383)
Reclassification adjustments recognized in net income	63	(14)	49
Unrealized gains (losses) on net investment hedges arising during the year	637	(244)	393
Net foreign currency translation adjustments	(3,926)	(15)	(3,941)
Derivatives:			
Unrealized gains (losses) arising during the year	853	(314)	539
Reclassification adjustments recognized in net income	(638)	241	(397)
Net gain (loss) on derivatives[1]	215	(73)	142
Available-for-sale securities:			
Unrealized gains (losses) arising during the year	(973)	328	(645)
Reclassification adjustments recognized in net income	(61)	22	(39)
Net change in unrealized gain (loss) on available-for-sale securities[2]	(1,034)	350	(684)
Pension and other benefit liabilities:			
Net pension and other benefits arising during the year	(169)	43	(126)
Reclassification adjustments recognized in net income	337	(125)	212
Net change in pension and other benefit liabilities[3]	168	(82)	86
Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company	$ (4,577)	$ 180	$ (4,397)

[1] Refer to Note 5 for additional information related to the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Refer to Note 3 for additional information related to the net unrealized gain or loss on available for sale securities.

[3] Refer to Note 13 for additional information related to the Company's pension and other postretirement benefit liabilities.

The following table presents the amounts and line items in our consolidated statements of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2017 (in millions):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income
Foreign currency translation adjustments:		
Divestitures, deconsolidations and other[1]	Other income (loss) — net	$ 23
	Income from continuing operations before income taxes	$ 23
	Income taxes from continuing operations	(6)
	Consolidated net income	$ 17
Derivatives:		
Foreign currency contracts	Net operating revenues	$ (444)
Foreign currency and commodity contracts	Cost of goods sold	3
Foreign currency and interest rate contracts	Interest expense	44
Foreign currency contracts	Other income (loss) — net	(110)
Divestitures, deconsolidations and other[2]	Other income (loss) — net	1
	Income from continuing operations before income taxes	$ (506)
	Income taxes from continuing operations	192
	Consolidated net income	$ (314)
Available-for-sale securities:		
Divestitures, deconsolidations and other[2]	Other income (loss) — net	$ (87)
Sale of securities	Other income (loss) — net	(36)
	Income from continuing operations before income taxes	$ (123)
	Income taxes from continuing operations	42
	Consolidated net income	$ (81)
Pension and other benefit liabilities:		
Curtailment charges (credits)[3]	Other operating charges	$ (75)
Settlement charges (credits)[3]	Other operating charges	228
Divestitures, deconsolidations and other[2]	Other income (loss) — net	7
Recognized net actuarial loss (gain)	*	183
Recognized prior service cost (credit)	*	(18)
	Income from continuing operations before income taxes	$ 325
	Income taxes from continuing operations	(116)
	Consolidated net income	$ 209

[1] Includes a $104 million loss related to the integration of CCW and CCEJ to establish CCBJI and an $80 million gain related to the derecognition of our previously held equity interests in CCBA and its South African subsidiary upon the consolidation of CCBA. Refer to Note 2 and Note 17.

[2] Primarily related to the integration of CCW and CCEJ to establish CCBJI. Refer to Note 17.

[3] The curtailment charges (credits) and settlement charges (credits) were primarily related to North America refranchising and the Company's productivity, restructuring and integration initiatives. Refer to Note 13 and Note 18.

* This component of AOCI is included in the Company's computation of net periodic benefit cost and is not reclassified out of AOCI into a single line item in our consolidated statements of income in its entirety. Refer to Note 13.

NOTE 16: FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are investments in equity and debt securities classified as trading or available-for-sale and derivative financial instruments. Additionally, the Company adjusts the carrying value of certain long-term debt as a result of the Company's fair value hedging strategy.

Investments in Trading and Available-for-Sale Securities

The fair values of our investments in trading and available-for-sale securities using quoted market prices from daily exchange traded markets are based on the closing price as of the balance sheet date and are classified as Level 1. The fair values of our investments in trading and available-for-sale securities classified as Level 2 are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data. Inputs into these valuation techniques include actual trade data, benchmark yields, broker/dealer quotes and other similar data. These inputs are obtained from quoted market prices, independent pricing vendors or other sources.

Derivative Financial Instruments

The fair values of our futures contracts are primarily determined using quoted contract prices on futures exchange markets. The fair values of these instruments are based on the closing contract price as of the balance sheet date and are classified as Level 1.

The fair values of our derivative instruments other than futures are determined using standard valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. Inputs used in these standard valuation models for derivative instruments other than futures include the applicable exchange rates, forward rates, interest rates, discount rates and commodity prices. The standard valuation model for options also uses implied volatility as an additional input. The discount rates are based on the historical U.S. Deposit or U.S. Treasury rates, and the implied volatility specific to options is based on quoted rates from financial institutions.

Included in the fair value of derivative instruments is an adjustment for nonperformance risk. The adjustment is based on current credit default swap ("CDS") rates applied to each contract, by counterparty. We use our counterparty's CDS rate when we are in an asset position and our own CDS rate when we are in a liability position. The adjustment for nonperformance risk did not have a significant impact on the estimated fair value of our derivative instruments.

The following tables summarize those assets and liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2017					
	Level 1	Level 2	Level 3	Other [4]	Netting Adjustment [5]	Fair Value Measurements
Assets:						
Trading securities[1]	$ 212	$ 127	$ 3	$ —	$ —	$ 407
Available-for-sale securities[1]	1,899	5,739	169 [3]	—	—	7,807
Derivatives[2]	7	250	—	—	(198) [6]	59 [8]
Total assets	$ 2,118	$ 6,116	$ 172	$ 65	$ (198)	$ 8,273
Liabilities:						
Derivatives[2]	$ (3)	$ (262)	$ —	$ —	$ 147 [7]	$ (118) [8]
Total liabilities	$ (3)	$ (262)	$ —	$ —	$ 147	$ (118)

[1] Refer to Note 3 for additional information related to the composition of our trading securities and available-for-sale securities.

[2] Refer to Note 5 for additional information related to the composition of our derivative portfolio.

[3] Primarily related to debt securities that mature in 2018.

[4] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 3.

[5] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 5.

[6] The Company is obligated to return $55 million in cash collateral it has netted against its derivative position.

[7] The Company has the right to reclaim $2 million in cash collateral it has netted against its derivative position.

[8] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $59 million in the line item other assets; $28 million in the line item accounts payable and accrued expenses; $12 million in the line item liabilities held for sale — discontinued operations and $78 million in the line item other liabilities. Refer to Note 5 for additional information related to the composition of our derivative portfolio.

	December 31, 2016					
	Level 1	Level 2	Level 3	Other [4]	Netting Adjustment [5]	Fair Value Measurements
Assets:						
Trading securities[1]	$ 202	$ 115	$ 4	$ 63	$ —	$ 384
Available-for-sale securities[1]	1,655	4,619	139 [3]	—	—	6,413
Derivatives[2]	4	878	—	—	(369) [6]	513 [8]
Total assets	$ 1,861	$ 5,612	$ 143	$ 63	$ (369)	$ 7,310
Liabilities:						
Derivatives[2]	$ 11	$ 276	$ —	$ —	$ (192) [7]	$ 95 [8]
Total liabilities	$ 11	$ 276	$ —	$ —	$ (192)	$ 95

[1] Refer to Note 3 for additional information related to the composition of our trading securities and available-for-sale securities.

[2] Refer to Note 5 for additional information related to the composition of our derivative portfolio.

[3] Primarily related to long-term debt securities that mature in 2018.

[4] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 3.

[5] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 5.

[6] The Company is obligated to return $201 million in cash collateral it has netted against its derivative position.

[7] The Company has the right to reclaim $17 million in cash collateral it has netted against its derivative position.

[8] The Company's derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $347 million in the line item prepaid expenses and other assets; $166 million in the line item other assets; $42 million in the line item accounts payable and accrued expenses; and $53 million in the line item other liabilities. Refer to Note 5 for additional information related to the composition of our derivative portfolio.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the years ended December 31, 2017 and 2016.

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. Gross transfers between levels within the hierarchy were not significant for the years ended December 31, 2017 and 2016.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges.

The gains or losses on assets measured at fair value on a nonrecurring basis are summarized in the table below (in millions):

	Gains (Losses)	
December 31,	**2017**	2016
Assets held for sale[1]	**$ (1,819)**	$ (2,264)
Intangible assets	**(442)** [2]	(153) [7]
Other long-lived assets	**(329)** [3]	—
Other-than-temporary impairment charge	**(50)** [4]	—
Investment in formerly unconsolidated subsidiary	**150** [5]	—
Valuation of shares in equity method investee	**25** [6]	—
Total	**$ (2,465)**	$ (2,417)

[1] The Company is required to record assets and liabilities that are held for sale at the lower of carrying value or fair value less any costs to sell based on the agreed-upon sale price. These losses related to refranchising activities in North America. The charges were calculated based on Level 3 inputs. Refer to Note 2.

[2] The Company recognized an impairment charge of $375 million related to CCR's goodwill. This impairment charge was determined by comparing the fair value of the reporting unit, based on Level 3 inputs, to its carrying value. The Company also recognized an impairment charge of $33 million related to certain U.S. bottlers' franchise rights. This charge was determined by comparing the fair value of the asset to its current carrying value. Each of these impairment charges was primarily a result of refranchising activities in North America and management's estimates of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising. Additionally, the Company recorded impairment charges of $34 million related to Venezuelan intangible assets due to weaker sales and the volatility of foreign currency exchange rates resulting from continued political instability. The fair value of these assets was derived using discounted cash flow analyses based on Level 3 inputs.

[3] The Company recognized impairment charges of $310 million related to CCR's property, plant and equipment and $19 million related to CCR's other assets primarily as a result of refranchising activities in North America. The fair value of these assets was derived using management's estimate of the proceeds that were expected to be received for the remaining bottling territories upon their refranchising.

[4] The Company recognized an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. The fair value of this investment was derived using discounted cash flow analyses based on Level 3 inputs.

[5] The Company recognized a gain of $150 million on our previously held equity interests in CCBA and its South African subsidiary, which were accounted for under the equity method of accounting prior to our consolidation of the bottler in October 2017. U.S. GAAP requires the acquirer to remeasure its previously held noncontrolling equity interest in the acquired entity to fair value as of the acquisition date and recognize any gains or losses in earnings. The Company remeasured our equity interests in CCBA and its South African subsidiary based on Level 3 inputs. Refer to Note 2.

[6] The Company recognized a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock at a per share amount greater than the carrying value of the Company's per share investment. Accordingly, the Company is required to treat this type of transaction as if the Company had sold a proportionate share of its investment in Coca-Cola FEMSA. This gain was determined using Level 1 inputs.

[7] The Company recognized losses of $153 million during the year ended December 31, 2016 due to impairment charges related to certain intangible assets. The charges included $143 million related to the impairment of certain U.S. bottlers' franchise rights. This charge was related to a number of factors, primarily as a result of lower operating performance compared to previously modeled results as well as a revision in management's estimates of the proceeds that were expected to be received upon refranchising the territories. The losses also included a $10 million goodwill impairment charge, primarily the result of management's revised outlook on market conditions. The charges were determined by comparing the fair value of the assets

to the current carrying value. The fair value of the assets was derived using discounted cash flow analyses based on Level 3 inputs. Refer to Note 17.

Fair Value Measurements for Pension and Other Postretirement Benefit Plans

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension and other postretirement benefit plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets

impacts the Company's future net periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. Refer to Note 13. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension and other postretirement benefit plans.

Pension Plan Assets

The following table summarizes the levels within the fair value hierarchy for our pension plan assets as of December 31, 2017 and 2016 (in millions):

	December 31, 2017					December 31, 2016				
	Level 1	**Level 2**	**Level 3**	**Other [1]**	**Total**	Level 1	Level 2	Level 3	Other [1]	Total
Cash and cash equivalents	**$ 626**	**$ 65**	**$ —**	**$ —**	**$ 691**	$ 373	$ 29	$ —	$ —	$ 402
Equity securities:										
U.S.-based companies	**2,080**	**3**	**14**	**—**	**2,097**	1,812	1	14	—	1,827
International-based companies	**1,465**	**—**	**—**	**—**	**1,465**	935	4	—	—	939
Fixed-income securities:										
Government bonds	**—**	**374**	**—**	**—**	**374**	—	525	1	—	526
Corporate bonds and debt securities	**—**	**803**	**24**	**—**	**827**	—	978	18	—	996
Mutual, pooled and commingled funds	**239**	**42**	**—**	**700 [3]**	**981**	91	20	—	1,022 [3]	1,133
Hedge funds/limited partnerships	**—**	**—**	**—**	**983 [4]**	**983**	—	—	—	1,213 [4]	1,213
Real estate	**—**	**—**	**2**	**596 [5]**	**598**	—	—	2	521 [5]	523
Other	**—**	**—**	**263 [2]**	**564 [6]**	**827**	—	3	211 [2]	598 [6]	812
Total	**$ 4,410**	**$ 1,287**	**$ 303**	**$ 2,843**	**$ 8,843**	$ 3,211	$ 1,560	$ 246	$ 3,354	$ 8,371

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 13.

[2] Includes purchased annuity insurance contracts.

[3] This class of assets includes actively managed emerging markets equity funds and a collective trust fund for qualified plans, invested primarily in equity securities of companies in developed and emerging markets. There are no liquidity restrictions on these investments.

[4] This class of assets includes hedge funds that can be subject to redemption restrictions, ranging from monthly to tri-annually with a redemption notice period of up to 120 days and/or initial lock-up periods of up to one year, and private equity funds that are primarily closed-end funds in which the Company's investments are generally not eligible for redemption. Distributions from these private equity funds will be received as the underlying assets are liquidated or distributed.

[5] This class of assets includes funds invested in real estate, including a privately held real estate investment trust, a real estate commingled pension trust fund, infrastructure limited partnerships and commingled investment funds. These funds seek current income and capital appreciation through the investments and can be subject to redemption restrictions, ranging from quarterly to semi-annually with a redemption notice period of up to 90 days.

[6] This class of assets includes segregated portfolios of private investment funds that are invested in a portfolio of insurance-linked securities. These assets can be subject to a semi-annual redemption, with a redemption notice period of 90 days, subject to certain gate restrictions.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.S. and non-U.S. pension plans for the years ended December 31, 2017 and 2016 (in millions):

	Equity Securities	Fixed-Income Securities	Real Estate	Other	Total
2016					
Balance at beginning of year	$ 11	$ 3	$ 2	$ 219	$ 235
Actual return on plan assets:					
Related to assets held at the reporting date	4	2	—	7	13
Related to assets sold during the year	—	(2)	—	3	1
Purchases, sales and settlements — net	—	12	—	(23)	(11)
Transfers into/(out of) Level 3 — net	(1)	4	—	7	10
Foreign currency translation adjustments	—	—	—	(2)	(2)
Balance at end of year	$ 14	$ 19	$ 2	$ 211 [1]	$ 246
2017					
Balance at beginning of year	**$ 14**	**$ 19**	**$ 2**	**$ 211**	**$ 246**
Actual return on plan assets:					
Related to assets held at the reporting date	**(3)**	**1**	**—**	**4**	**2**
Purchases, sales and settlements — net	**3**	**1**	**—**	**(9)**	**(5)**
Transfers into/(out of) Level 3 — net	**—**	**3**	**—**	**31**	**34**
Foreign currency translation adjustments	**—**	**—**	**—**	**26**	**26**
Balance at end of year	**$ 14**	**$ 24**	**$ 2**	**$ 263** [1]	**$ 303**

[1] Includes purchased annuity insurance contracts.

Other Postretirement Benefit Plan Assets

The following table summarizes the levels within the fair value hierarchy for our other postretirement benefit plan assets as of December 31, 2017 and 2016 (in millions):

	December 31, 2017				December 31, 2016			
	Level 1	**Level 2**	**Other [1]**	**Total**	Level 1	Level 2	Other [1]	Total
Cash and cash equivalents	**$ 78**	**$ —**	**$ —**	**$ 78**	$ 2	$ —	$ —	$ 2
Equity securities:								
U.S.-based companies	**96**	**—**	**—**	**96**	116	—	—	116
International-based companies	**8**	**—**	**—**	**8**	8	—	—	8
Fixed-income securities:								
Government bonds	**—**	**2**	**—**	**2**	—	3	—	3
Corporate bonds and debt securities	**—**	**7**	**—**	**7**	—	6	—	6
Mutual, pooled and commingled funds	**—**	**—**	**80**	**80**	98	—	5	103
Hedge funds/limited partnerships	**—**	**—**	**8**	**8**	—	—	9	9
Real estate	**—**	**—**	**5**	**5**	—	—	4	4
Other	**—**	**—**	**4**	**4**	—	—	4	4
Total	**$ 182**	**$ 9**	**$ 97**	**$ 288**	$ 224	$ 9	$ 22	$ 255

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 13.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents; short-term investments; trade accounts receivables; accounts payable and accrued expenses; and loans and notes payable approximate their fair values because of the relatively short-term maturities of these financial instruments.

The fair value of our long-term debt is estimated using Level 2 inputs based on quoted prices for those instruments. Where quoted prices are not available, fair value is estimated using discounted cash flows and market-based expectations for interest rates, credit risk and the contractual terms of the debt instruments. As of December 31, 2017, the carrying amount and fair value of our long-term debt, including the current portion, were $34,480 million and $35,169 million, respectively. As of December 31, 2016, the carrying amount and fair value of our long-term debt, including the current portion, were $33,211 million and $33,752 million, respectively.

NOTE 17: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

Other Operating Charges

In 2017, the Company recorded other operating charges of $2,157 million. These charges primarily consisted of $737 million of CCR asset impairments and $650 million related to the Company's productivity and reinvestment program. In addition, other operating charges included $419 million related to costs incurred to refranchise certain of our bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, pension settlement charges and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. Other operating charges also included $225 million related to a cash contribution we made to The Coca-Cola Foundation, $67 million related to tax litigation expense, $34 million related to impairments of Venezuelan intangible assets and $19 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 1 for additional information about the Venezuelan intangible assets and Note 16 for information on how the Company determined the CCR asset impairment charges. Refer to Note 18 for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 19 for the impact these charges had on our operating segments.

In 2016, the Company recorded other operating charges of $1,510 million. These charges primarily consisted of $352 million due to the Company's productivity and reinvestment program and $240 million due to the integration of our German bottling operations. In addition, the Company recorded charges of $415 million related to costs incurred to refranchise certain of our bottling operations. These costs include, among other items, internal and external costs for individuals directly working on the refranchising efforts, severance, pension settlement charges and costs associated with the implementation of information technology systems to facilitate consistent data standards and availability throughout our bottling systems. The Company also recorded a charge of $200 million related to cash contributions we made to The Coca-Cola Foundation, a charge of $76 million due to the write-down we recorded related to our receivables from our bottling partner in Venezuela as a result of changes in exchange rates and charges of $41 million related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 1 for additional information on the Venezuelan exchange rates. Refer to Note 18 for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 19 for the impact these charges had on our operating segments.

In 2016, the Company also recorded charges of $153 million related to certain intangible assets. These charges included $143 million related to the impairment of certain U.S. bottlers' franchise rights recorded in our Bottling Investments operating segment. This charge was related to a number of factors, primarily as a result of lower operating performance compared to previously modeled results as well as a revision in management's view of the proceeds that may be ultimately received upon refranchising the territories. The remaining charge of $10 million was related to the impairment of goodwill recorded in our Bottling Investments operating segment. This charge was primarily the result of management's revised outlook on market conditions. The total impairment charges of $153 million were recorded in our Bottling Investments operating segment in the line item other operating charges in our consolidated statement of income and were determined by comparing the fair value of the intangible assets, derived using discounted cash flow analyses, to their respective carrying values.

In 2015, the Company incurred other operating charges of $1,657 million. These charges included $691 million due to the Company's productivity and reinvestment program and $292 million due to the integration of our German bottling operations. In addition, the Company recorded impairment charges of $418 million primarily due to the discontinuation of the energy products in the glacéau portfolio as a result of the Monster Transaction and incurred a charge of $100 million due to a cash contribution we made to The Coca-Cola Foundation. The Company also

incurred a charge of $111 million due to the write-down we recorded related to receivables from our bottling partner in Venezuela and an impairment of a Venezuelan trademark primarily due to changes in exchange rates as a result of the establishment of the new open market exchange system. Refer to

Note 1 for additional information on the Venezuelan currency change. Refer to Note 2 for additional information on the Monster Transaction. Refer to Note 18 for additional information on the Company's productivity, integration and restructuring initiatives. Refer to Note 19 for the impact these charges had on our operating segments.

Other Nonoperating Items

Interest Expense

During the year ended December 31, 2017, the Company recorded a net charge of $38 million related to the early extinguishment of long-term debt. Refer to Note 10 for additional information and Note 19 for the impact this charge had on our operating segments..

During the year ended December 31, 2015, the Company recorded charges of $320 million due to the early extinguishment of certain long-term debt. These charges included the difference between the reacquisition price and the net carrying amount of the debt extinguished, including the impact of the related fair value hedging relationship. Refer to Note 10 for additional information and Note 19 for the impact these charges had on our operating segments.

Equity Income (Loss) — Net

The Company recorded net charges of $92 million, $61 million and $87 million in equity income (loss) — net during the years ended December 31, 2017, 2016 and 2015, respectively. These amounts primarily represent the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 19 for the impact these charges had on our operating segments.

Other Income (Loss) — Net

In 2017, other income (loss) — net was a loss of $1,666 million. The Company recognized a net charge of $2,140 million due to the refranchising of certain bottling territories in North America and charges of $313 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. The Company also recorded an other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. Additionally, the Company incurred a charge of $26 million related to our former German bottling operations. These charges were partially offset by a gain of $445 million related to the integration of CCW and CCEJ to establish CCBJI. In exchange for our previously existing equity interests in CCW and CCEJ, we received an approximate 17 percent equity interest in CCBJI. The fair value of our equity investment in CCBJI was based on its quoted market price (a Level 1 measurement). The Company also recognized a gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value. Additionally, the Company recognized a gain of $88 million related to the refranchising of our China bottling operations and related cost method investment and a gain of $25 million as a result of Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment. Refer to Note 2 for additional information on our North America and China refranchising activities and our consolidation of CCBA. Refer to Note 19 for the impact these items had on our operating segments.

In 2016, other income (loss) — net was a loss of $1,234 million. This loss included a net charge of $2,456 million due to the refranchising of certain bottling territories in North America and a charge of $21 million due to the deconsolidation of our South African bottling operations and disposal of the related equity method investment in exchange for investments in CCBA and CCBA's South African subsidiary. The Company incurred charges of $31 million related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Additionally, the Company incurred a charge of $72 million as a result of remeasuring its net monetary assets denominated in Egyptian pounds. The Egyptian pound devalued as a result of the central bank allowing its currency, which was previously pegged to the U.S. dollar, to float freely. These charges were partially offset by a gain of $1,323 million due to the deconsolidation of our German bottling operations. Refer to Note 2 for additional information on the deconsolidation of our German bottling operations, the deconsolidation of our South African bottling operations, the North America refranchising and the conversion payments. Refer to Note 19 for the impact these items had on our operating segments.

In 2015, the Company recorded a net gain of $1,403 million as a result of the Monster Transaction and a net charge of $1,006 million due to the refranchising of certain bottling territories in North America. In addition, the Company recognized a foreign currency exchange gain of $300 million associated with our foreign-denominated debt partially offset by a charge of $27 million due to the remeasurement of the net monetary assets of our Venezuelan subsidiary using the SIMADI exchange rate. Refer to Note 1 for additional information related to the charge due to the

remeasurement in Venezuela. Refer to Note 2 for additional information related to the Monster Transaction and North America refranchising. Refer to Note 19 for the impact these items had on our operating segments.

NOTE 18: PRODUCTIVITY, INTEGRATION AND RESTRUCTURING INITIATIVES

Productivity and Reinvestment

In February 2012, the Company announced a productivity and reinvestment program designed to further enable our efforts to strengthen our brands and reinvest our resources to drive long-term profitable growth. This program is focused on the following initiatives: global supply chain optimization; global marketing and innovation effectiveness; operating expense leverage and operational excellence; data and information technology systems standardization; and the integration of Old CCE's North American bottling operations.

In February 2014, the Company announced the expansion of our productivity and reinvestment program to drive incremental productivity that will primarily be redirected into increased media investments. Our incremental productivity goal consists of two relatively equal components. First, we will expand savings through global supply chain optimization, data and information technology systems standardization, and resource and cost reallocation. Second, we will increase the effectiveness of our marketing investments by transforming our marketing and commercial model to redeploy resources into more consumer-facing marketing investments to accelerate growth.

In October 2014, the Company announced that we were further expanding our productivity and reinvestment program and extending it through 2019. The expansion of the productivity initiatives will focus on four key areas: restructuring the Company's global supply chain; implementing zero-based work, an evolution of zero-based budget principles, across the organization; streamlining and simplifying the Company's operating model; and further driving increased discipline and efficiency in direct marketing investments.

In April 2017, the Company announced its plans to transition to a new, more agile operating model to enable growth. Under this operating model, our business units will be supported by an expanded enabling services organization and a corporate center focused on a few strategic initiatives, policy and governance. The expanded enabling services organization will focus on both simplifying and standardizing key transactional processes and providing support to business units through global centers of excellence.

The Company has incurred total pretax expenses of $3,058 million related to this program since it commenced. These expenses were recorded in the line item other operating charges in our consolidated statements of income. Refer to Note 19 for the impact these charges had on our operating segments. Outside services reported in the table below primarily relate to expenses in connection with legal, outplacement and consulting activities. Other direct costs reported in the table below include, among other items, internal and external costs associated with the development, communication, administration and implementation of these initiatives; accelerated depreciation on certain fixed assets; contract termination fees; and relocation costs.

The following table summarizes the balance of accrued expenses related to these productivity and reinvestment initiatives and the changes in the accrued amounts (in millions):

	Severance Pay and Benefits	Outside Services	Other Direct Costs	Total
2015				
Accrued balance at beginning of year	$ 260	$ 4	$ 21	$ 285
Costs incurred	269	56	366	691
Payments	(200)	(47)	(265)	(512)
Noncash and exchange	(185) [1]	(5)	(70)	(260)
Accrued balance at end of year	$ 144	$ 8	$ 52	$ 204
2016				
Costs incurred	$ 95	$ 27	$ 230	$ 352
Payments	(114)	(30)	(205)	(349)
Noncash and exchange	(2)	1	(55)	(56)
Accrued balance at end of year	$ 123	$ 6	$ 22	$ 151
2017				
Costs incurred	**$ 310**	**$ 79**	**$ 261**	**$ 650**
Payments	**(181)**	**(83)**	**(267)**	**(531)**
Noncash and exchange	**(62)** [1]	**(1)**	**(1)**	**(64)**
Accrued balance at end of year	**$ 190**	**$ 1**	**$ 15**	**$ 206**

[1] Includes pension settlement charges. Refer to Note 13.

Integration Initiatives

Integration of Our German Bottling Operations

In 2008, the Company began an integration initiative related to our German bottling operations acquired in 2007. The Company incurred $240 million and $292 million of expenses related to this initiative in 2016 and 2015, respectively and has incurred total pretax expenses of $1,367 million related to this initiative since it commenced. These expenses were recorded in the line item other operating charges in our consolidated statements of income and impacted the Bottling Investments operating segment. The expenses recorded in connection with these integration activities have been primarily due to involuntary terminations. The Company had $122 million accrued related to these integration costs as of December 31, 2015. During the year ended December 31, 2016, the Company deconsolidated our German bottling operations. Therefore, there was no remaining accrual balance as of December 31, 2016. Refer to Note 2 for additional information on the deconsolidation of our German bottling operations.

NOTE 19: OPERATING SEGMENTS

As of December 31, 2017, our organizational structure consisted of the following operating segments: Europe, Middle East and Africa; Latin America; North America; Asia Pacific; Bottling Investments; and Corporate.

Segment Products and Services

The business of our Company is nonalcoholic beverages. Our geographic operating segments (Europe, Middle East and Africa; Latin America; North America; and Asia Pacific) derive a majority of their revenues from the manufacture and sale of beverage concentrates and syrups and, in some cases, the sale of finished beverages. Our Bottling Investments operating segment is composed of our Company-owned or consolidated bottling operations, with the exception of those that are classified as discontinued operations, regardless of the geographic location of the bottler. Our Bottling Investments operating segment also includes equity income from the majority of our equity method investments. Company-owned or consolidated bottling operations derive the majority of their revenues from the sale of finished beverages. Generally, finished product operations produce higher net operating revenues but lower gross profit margins compared to concentrate operations.

The following table sets forth the percentage of total net operating revenues related to concentrate operations and finished product operations:

Year Ended December 31,	**2017**	2016	2015
Concentrate operations[1]	**51 %**	40 %	37 %
Finished product operations[2]	**49**	60	63
Total	**100 %**	100 %	100 %

[1] Includes concentrates sold by the Company to authorized bottling partners for the manufacture of fountain syrups. The bottlers then typically sell the fountain syrups to wholesalers or directly to fountain retailers.

[2] Includes fountain syrups manufactured by the Company, including consolidated bottling operations, and sold to fountain retailers or to authorized fountain wholesalers or bottling partners who resell the fountain syrups to fountain retailers.

Method of Determining Segment Income or Loss

Management evaluates the performance of our operating segments separately to individually monitor the different factors affecting financial performance. Our Company manages income taxes from continuing operations and certain treasury-related items, such as interest income and expense, on a global basis within the Corporate operating segment. We evaluate segment performance based on income or loss from continuing operations before income taxes.

Geographic Data

The following table provides information related to our net operating revenues (in millions):

Year Ended December 31,		**2017**		2016		2015
United States	**$**	**14,727**	$	19,899	$	20,360
International		**20,683**		21,964		23,934
Net operating revenues	**$**	**35,410**	$	41,863	$	44,294

The following table provides information related to our property, plant and equipment — net (in millions):

Year Ended December 31,		**2017**		2016		2015
United States	**$**	**4,163**	$	6,784	$	8,266
International		**4,040**		3,851		4,305
Property, plant and equipment — net	**$**	**8,203**	$	10,635	$	12,571

Information about our Company's continuing operations by operating segment as of and for the years ended December 31, 2017, 2016 and 2015, is as follows (in millions):

	Europe, Middle East & Africa	Latin America	North America	Asia Pacific	Bottling Investments	Corporate	Eliminations	Consolidated
2017								
Net operating revenues:								
Third party	**$ 7,332**	**$3,956**	**$8,651**	**$ 4,767**	**$ 10,524**	**$ 138**	**$ —**	**$ 35,368**
Intersegment	**42**	**73**	**1,986**	**409**	**81**	**—**	**(2,549)**	**42** [4]
Total net operating revenues	**7,374**	**4,029**	**10,637**	**5,176**	**10,605**	**138**	**(2,549)**	**35,410**
Operating income (loss)	**3,646**	**2,214**	**2,578**	**2,163**	**(1,117)**	**(1,983)**	**—**	**7,501**
Interest income	**—**	**—**	**44**	**—**	**—**	**633**	**—**	**677**
Interest expense	**—**	**—**	**—**	**—**	**—**	**841**	**—**	**841**
Depreciation and amortization	**91**	**37**	**411**	**65**	**454**	**202**	**—**	**1,260**
Equity income (loss) — net	**48**	**(3)**	**(3)**	**11**	**878**	**140**	**—**	**1,071**
Income (loss) from continuing operations before income taxes	**3,706**	**2,211**	**2,307**	**2,179**	**(2,345)**	**(1,316)**	**—**	**6,742**
Identifiable operating assets[1]	**5,475**	**1,896**	**17,619**	**2,072** [2]	**4,493** [2]	**27,060**	**—**	**58,615** [5]
Investments[3]	**1,238**	**891**	**112**	**177**	**15,998**	**3,536**	**—**	**21,952**
Capital expenditures	**81**	**55**	**541**	**50**	**662**	**286**	**—**	**1,675**
2016								
Net operating revenues:								
Third party	$ 7,014	$3,746	$6,437	$ 4,788	$ 19,751	$ 127	$ —	$ 41,863
Intersegment	264	73	3,773	506	134	5	(4,755)	—
Total net operating revenues	7,278	3,819	10,210	5,294	19,885	132	(4,755)	41,863
Operating income (loss)	3,676	1,951	2,582	2,224	(137)	(1,670)	—	8,626
Interest income	—	—	27	—	—	615	—	642
Interest expense	—	—	—	—	—	733	—	733
Depreciation and amortization	93	35	426	80	1,013	140	—	1,787
Equity income (loss) — net	62	18	(17)	9	648	115	—	835
Income (loss) from continuing operations before income taxes	3,749	1,966	2,560	2,238	(1,923)	(454)	—	8,136
Identifiable operating assets[1]	4,067	1,785	16,566	2,024	15,973	29,606	—	70,021
Investments[3]	1,302	804	109	164	11,456	3,414	—	17,249
Capital expenditures	62	45	438	107	1,329	281	—	2,262
2015								
Net operating revenues:								
Third party	$ 6,966	$3,999	$5,581	$ 4,707	$ 22,885	$ 156	$ —	$ 44,294
Intersegment	621	75	4,259	545	178	10	(5,688)	—
Total net operating revenues	7,587	4,074	9,840	5,252	23,063	166	(5,688)	44,294
Operating income (loss)	3,875	2,169	2,366	2,189	124	(1,995)	—	8,728
Interest income	—	—	9	—	—	604	—	613
Interest expense	—	—	—	—	—	856	—	856
Depreciation and amortization	103	41	373	85	1,211	157	—	1,970
Equity income (loss) — net	39	(7)	(18)	9	426	40	—	489
Income (loss) from continuing operations before income taxes	3,923	2,164	2,356	2,207	(427)	(618)	—	9,605

Identifiable operating assets[1]	4,156 [2]	1,627	16,396	1,639	22,688 [2]	27,702	—	74,208
Investments[3]	1,138	657	107	158	8,084	5,644	—	15,788
Capital expenditures	54	70	377	81	1,699	272	—	2,553

[1] Principally cash and cash equivalents, short-term investments, marketable securities, trade accounts receivable, inventories, goodwill, trademarks and other intangible assets, and property, plant and equipment — net.

[2] Property, plant and equipment — net in India represented 11 percent of consolidated property, plant and equipment — net in 2017. Property, plant and equipment — net in Germany represented 10 percent of consolidated property, plant and equipment — net in 2015. The

2015 amount includes property, plant and equipment — net classified as held for sale. During the year ended December 31, 2016, the Company deconsolidated our German bottling operations. Refer to Note 2.

[3] Principally equity method investments and other investments in bottling companies.

[4] Intersegment revenues do not eliminate on a consolidated basis in the table above due to intercompany sales to our discontinued operations.

[5] Identifiable operating assets excludes $7,329 million of assets held for sale — discontinued operations.

During 2017, 2016 and 2015, our operating segments were impacted by acquisition and divestiture activities. Refer to Note 2.

In 2017, the results of our operating segments were impacted by the following items:

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $26 million for Europe, Middle East and Africa, $7 million for Latin America, $241 million for North America, $10 million for Asia Pacific, $57 million for Bottling Investments and $309 million for Corporate due to the Company's productivity and reinvestment program. Refer to Note 18.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $737 million for Bottling Investments and $34 million for Corporate due to asset impairment charges. Refer to Note 1 and Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $419 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $225 million for Corporate as a result of cash contributions to The Coca-Cola Foundation. Refer to Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $67 million for Corporate due to tax litigation expense. Refer to Note 11 and Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $4 million for Europe, Middle East and Africa, $2 million for North America, $70 million for Bottling Investments and $16 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $2,140 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $445 million for Corporate due to a gain recognized resulting from the merger of CCW and CCEJ. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $313 million for North America primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $150 million for Corporate related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was increased by $88 million for Corporate due to a gain recognized upon refranchising our China bottling operations and related cost method investment. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was reduced by $50 million for Corporate due to an other-than-temporary impairment charge related to one of our international equity method investees. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $38 million for Corporate due to the early extinguishment of long-term debt. Refer to Note 10.

- Income (loss) from continuing operations before income taxes was reduced by $26 million for Corporate due to a charge related to our former German bottling operations.

- Income (loss) from continuing operations before income taxes was increased by $25 million for Corporate due to Coca-Cola FEMSA, an equity method investee, issuing additional shares of its stock during the period at a per share amount greater than the carrying value of the Company's per share investment.

In 2016, the results of our operating segments were impacted by the following items:

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $32 million for Europe, Middle East and Africa, $134 million for North America, $1 million for Asia Pacific, $322 million for

Bottling Investments and $105 million for Corporate due to the Company's productivity and reinvestment program as well as other restructuring initiatives. Operating income (loss) and income (loss) from continuing operations before income taxes were increased by $2 million for Latin America due to the refinement of previously established accruals related to the Company's productivity and reinvestment program. Refer to Note 18.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $297 million for Bottling Investments due to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $200 million for Corporate as a result of cash contributions to The Coca-Cola Foundation. Refer to Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $153 million for Bottling Investments due to impairment charges recorded on certain of the Company's intangible assets. Refer to Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $118 million for Bottling Investments due to pension settlement charges primarily as a result of our refranchising activities. Refer to Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $76 million for Latin America due to the write-down we recorded related to our receivables from our bottling partner in Venezuela due to changes in exchange rates. Refer to Note 1.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $9 million for Bottling Investments and $32 million for Corporate related to noncapitalizable transaction costs associated with pending and closed transactions. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $52 million for Bottling Investments and $9 million for Corporate due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $2,456 million for Bottling Investments primarily due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Income (loss) from continuing operations before income taxes was increased by $1,323 million for Corporate as a result of the deconsolidation of our German bottling operations. Refer to Note 2.

- Income (loss) from continuing operations before income taxes was reduced by $72 million for Corporate as a result of remeasuring our net monetary assets denominated in Egyptian pounds. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $31 million for North America related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2.

In 2015, the results of our operating segments were impacted by the following items:

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $7 million for Latin America, $141 million for North America, $2 million for Asia Pacific, $596 million for Bottling Investments and $246 million for Corporate due to the Company's productivity and reinvestment program as well as other restructuring initiatives. Operating income (loss) and income (loss) from continuing operations before income taxes were increased by $9 million for Europe, Middle East and Africa due to the refinement of previously established accruals, partially offset by additional charges related to the Company's productivity and reinvestment program. Refer to Note 18.

-

Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $418 million for Corporate primarily due to an impairment charge primarily related to the discontinuation of the energy products in the glacéau portfolio as a result of the Monster Transaction. Refer to Note 2 and Note 17.

- Operating income (loss) and income (loss) from continuing operations before income taxes were reduced by $100 million for Corporate as a result of a cash contribution to The Coca-Cola Foundation. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $4 million for Europe, Middle East and Africa and $83 million for Bottling Investments due to the Company's proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 17.

- Income (loss) from continuing operations before income taxes was increased by $1,403 million for Corporate as a result of the Monster Transaction. Refer to Note 2 and Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $1,006 million for Bottling Investments due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $320 million for Corporate due to charges the Company recognized on the early extinguishment of certain long-term debt. Refer to Note 10 and Note 17.

- Income (loss) from continuing operations before income taxes was reduced by $33 million for Latin America and $105 million for Corporate due to the remeasurement of the net monetary assets of our local Venezuelan subsidiary into U.S. dollars using the SIMADI exchange rate, an impairment of a Venezuelan trademark, and a write-down the Company recorded on receivables from our bottling partner in Venezuela. Refer to Note 1 and Note 17.

NOTE 20: NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided by (used in) operating activities attributable to the net change in operating assets and liabilities is composed of the following (in millions):

Year Ended December 31,	**2017**	2016	2015
(Increase) decrease in trade accounts receivable	**$ (141)**	$ (28)	$ (212)
(Increase) decrease in inventories	**(355)**	(142)	(250)
(Increase) decrease in prepaid expenses and other assets	**571**	283	123
Increase (decrease) in accounts payable and accrued expenses	**(445)**	(540)	1,004
Increase (decrease) in accrued income taxes	**(153)**	750	(306)
Increase (decrease) in other liabilities[1]	**4,052**	(544)	(516)
Net change in operating assets and liabilities	**$ 3,529**	$ (221)	$ (157)

[1] The increase in other liabilities in 2017 was primarily due to the one-time transition tax required by the Tax Reform Act signed into law on
December 22, 2017. Refer to Note 14.

REPORT OF MANAGEMENT

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with accounting principles generally accepted in the United States appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

Management of the Company is responsible for establishing and maintaining a system of internal controls and procedures to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control system is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel, and a written Code of Business Conduct adopted by our Company's Board of Directors, applicable to all officers and employees of our Company and subsidiaries. In addition, our Company's Board of Directors adopted a written Code of Business Conduct for Non-Employee Directors which reflects the same principles and values as our Code of Business Conduct for officers and employees but focuses on matters of relevance to non-employee Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 ("Exchange Act"). Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") in *Internal Control—Integrated Framework*. Management has excluded from the scope of its assessment of internal control over financial reporting the operations and related assets of Coca-Cola Beverages Africa Proprietary Limited ("CCBA"), which the Company began consolidating in October 2017. The operations and related assets of CCBA were included in the consolidated financial statements of The Coca-Cola Company and subsidiaries and constituted 8 percent of total assets and 8 percent of consolidated net income as of and for the year ended December 31, 2017. Based on this assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2017.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's Board of Directors, subject to ratification by our Company's shareowners. Ernst & Young LLP has audited and reported on the consolidated financial statements of The Coca-Cola Company and subsidiaries and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

Audit Committee's Responsibility

The Audit Committee of our Company's Board of Directors, composed solely of Directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act, and the Company's Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal controls and auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in the Company's 2018 Proxy Statement.

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James R. Quincey

President and Chief Executive Officer
February 23, 2018

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Larry M. Mark

Vice President and Controller
February 23, 2018

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Kathy N. Waller

Executive Vice President, Chief Financial Officer and President, Enabling Services
February 23, 2018

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Mark Randazza

Vice President, Assistant Controller and Chief Accounting Officer
February 23, 2018

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations for the Treadway Commission (2013 framework) and our report dated February 23, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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We have served as the Company's auditor since 1921.

Atlanta, Georgia
February 23, 2018

Report of Independent Registered Public Accounting Firm
on Internal Control Over Financial Reporting

Board of Directors and Shareowners
The Coca-Cola Company

Opinion on Internal Control over Financial Reporting

We have audited The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Coca-Cola Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Coca-Cola Beverages Africa Proprietary Limited (CCBA), which the Company began consolidating in October 2017. The operations and related assets of CCBA were included in the consolidated financial statements of the Company and constituted 8 percent of the total assets and 8 percent of consolidated net income as of and for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of CCBA.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows, for each of the three years in the period ended December 31, 2017, and related notes and our report dated February 23, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Atlanta, Georgia
February 23, 2018

Quarterly Data (Unaudited)

(In millions except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2017					
Net operating revenues	**$ 9,118**	**$ 9,702**	**$ 9,078**	**$ 7,512**	**$ 35,410**
Gross profit	**5,605**	**6,043**	**5,683**	**4,823**	**22,154**
Net income (loss) attributable to shareowners of The Coca-Cola Company	**1,182**	**1,371**	**1,447**	**(2,752)**	**1,248**
Basic net income (loss) per share	**$ 0.28**	**$ 0.32**	**$ 0.34**	**$ (0.65)**	**$ 0.29**
Diluted net income (loss) per share	**$ 0.27**	**$ 0.32**	**$ 0.33**	**$ (0.65)**	**$ 0.29** [1]
2016					
Net operating revenues	$ 10,282	$ 11,539	$ 10,633	$ 9,409	$ 41,863
Gross profit	6,213	7,068	6,502	5,615	25,398
Net income attributable to shareowners of The Coca-Cola Company	1,483	3,448	1,046	550	6,527
Basic net income per share	$ 0.34	$ 0.80	$ 0.24	$ 0.13	$ 1.51
Diluted net income per share	$ 0.34	$ 0.79	$ 0.24	$ 0.13	$ 1.49 [1]

[1] The sum of the quarterly net income per share amounts does not agree to the full year net income per share amounts. We calculate net income per share based on the weighted-average number of outstanding shares during the reporting period. The average number of shares fluctuates throughout the year and can therefore produce a full year result that does not agree to the sum of the individual quarters.

Our first quarter, second quarter and third quarter reporting periods end on the Friday closest to the last day of the applicable quarterly calendar period. Our fourth quarter and fiscal year end on December 31 regardless of the day of the week on which December 31 falls.

During 2017 and 2016, our quarterly operating results were impacted by acquisition and divestiture activities. Refer to Note 2.

The Company's first quarter 2017 results were impacted by two fewer days compared to the first quarter of 2016. Furthermore, the Company recorded the following transactions which impacted results:

- Charges of $497 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.
- Charges of $139 million due to the Company's productivity and reinvestment program. Refer to Note 17 and Note 18.
- Charges of $106 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2 and Note 17.
- Charges of $104 million related to the impairment of certain intangible assets. Refer to Note 17.
- A net charge of $58 million related to the Company's proportionate share of unusual or infrequent items recorded by certain of our equity method investees. Refer to Note 17.
- Charges of $60 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

In the second quarter of 2017, the Company recorded the following transactions which impacted results:

- Charges of $667 million related to the impairment of certain intangible assets. Refer to Note 17.
- A gain of $445 million related to the integration of CCW and CCEJ to establish CCBJI. Refer to Note 17.
- Charges of $214 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.
- Charges of $109 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2 and Note 17.
- Charges of $87 million due to the Company's productivity and reinvestment program. Refer to Note 17 and Note 18.

- Charges of $44 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- A net charge of $38 million related to the early extinguishment of long-term debt. Refer to Note 10.

- A net gain of $37 million related to the Company's proportionate share of unusual or infrequent items recorded by certain of our equity method investees. Refer to Note 17.

- A gain of $9 million related to refranchising a substantial portion of our China bottling operations. Refer to Note 2 and Note 17.

In the third quarter of 2017, the Company recorded the following transactions which impacted results:

- Charges of $762 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Charges of $213 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- Charges of $129 million due to the Company's productivity and reinvestment program. Refer to Note 17 and Note 18.

- A gain of $79 million related to the refranchising of our remaining China bottling operations and related cost method investment. Refer to Note 2 and Note 17.

- Charges of $72 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2 and Note 17.

- An other-than-temporary impairment charge of $50 million related to one of our international equity method investees, primarily driven by foreign currency exchange rate fluctuations. Refer to Note 16 and Note 17.

- A net charge of $16 million related to the Company's proportionate share of unusual or infrequent items recorded by certain of our equity method investees. Refer to Note 17

The Company's fourth quarter 2017 results were impacted by one additional day compared to the fourth quarter of 2016. Furthermore, the Company recorded the following transactions which impacted results:

- A net provisional tax charge of $3,610 million as a result of the Tax Reform Act that was signed into law on December 22, 2017. Refer to Note 14.

- Charges of $667 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Charges of $295 million due to the Company's productivity and reinvestment program. Refer to Note 17 and Note 18.

- A charge of $225 million as a result of a cash contribution to The Coca-Cola Foundation. Refer to Note 17.

- A gain of $150 million related to the remeasurement of our previously held equity interests in CCBA and its South African subsidiary to fair value. Refer to Note 2 and Note 17.

- Charges of $105 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- A net charge of $55 million related to the Company's proportionate share of unusual or infrequent items recorded by certain of our equity method investees. Refer to Note 17.

- Charges of $26 million primarily related to payments made to convert the bottling agreements for certain North America bottling partners' territories to a single form of CBA with additional requirements. Refer to Note 2 and Note 17.

In the first quarter of 2016, the Company recorded the following transactions which impacted results:

- Charges of $369 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Charges of $262 million due to the Company's productivity and reinvestment program as well as other restructuring initiatives. Refer to Note 17 and Note 18.

- Charges of $45 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

In the second quarter of 2016, the Company recorded the following transactions which impacted results:

- A benefit of $1,292 million, net of transaction costs, as a result of the deconsolidation of our German bottling operations. Refer to Note 2 and Note 17.

- Charges of $199 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Charges of $106 million due to the Company's productivity and reinvestment program as well as other restructuring initiatives. Refer to Note 17 and Note 18.

- A charge of $100 million as a result of a cash donation to The Coca-Cola Foundation. Refer to Note 17.

- A net tax charge of $83 million primarily related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 14.

- Charges of $52 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

In the third quarter of 2016, the Company recorded the following transactions which impacted results:

- Charges of $1,089 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- A charge of $80 million resulting from the accrual of tax on temporary differences related to the investment in foreign subsidiaries that are now expected to reverse in the foreseeable future. Refer to Note 14.

- A charge of $76 million due to the write-down we recorded related to our receivables from our bottling partner in Venezuela. Refer to Note 1 and Note 17.

- Charges of $73 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- Charges of $59 million due to the Company's productivity and reinvestment program. Refer to Note 17 and Note 18.

In the fourth quarter of 2016, the Company recorded the following transactions which impacted results:

- Charges of $799 million due to the refranchising of certain bottling territories in North America. Refer to Note 2 and Note 17.

- Charges of $165 million due to the Company's productivity and reinvestment program. Refer to Note 17 and Note 18.

- Charges of $153 million related to the impairment of certain intangible assets. Refer to Note 17.

- Charges of $127 million related to costs incurred to refranchise certain of our bottling operations. Refer to Note 2 and Note 17.

- Charges of $118 million due to pension settlement charges primarily as a result of our refranchising activities. Refer to Note 2 and Note 17.

- A charge of $100 million as a result of a cash donation to The Coca-Cola Foundation. Refer to Note 17.
- A charge of $72 million as a result of remeasuring our net monetary assets denominated in Egyptian pounds. Refer to Note 17.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2017.

Report of Management on Internal Control Over Financial Reporting and Attestation Report of Independent Registered Public Accounting Firm

The report of management on our internal control over financial reporting as of December 31, 2017 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, "Item 8. Financial Statements and Supplementary Data" in this report. Management has excluded from the scope of its assessment of internal control over financial reporting the operations and related assets of Coca-Cola Beverages Africa Proprietary Limited ("CCBA"), which the Company began consolidating in October 2017. The operations and related assets of CCBA were included in the consolidated financial statements of The Coca-Cola Company and subsidiaries and constituted 8 percent of total assets and 8 percent of consolidated net income as of and for the year ended December 31, 2017.

Changes in Internal Control Over Financial Reporting

Except as described below, there have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company began consolidating the operations and related assets of CCBA in October 2017. The operations and related assets of CCBA were included in the consolidated financial statements of The Coca-Cola Company and subsidiaries and constituted 8 percent of total assets and 8 percent of consolidated net income as of and for the year ended December 31, 2017.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding Director Nominations under the subheading "Item 1 — Election of Directors" under the principal heading "Governance," the information regarding the Codes of Business Conduct under the subheading "Additional Governance Matters" under the principal heading "Governance," the information under the subheading "Section 16(a) Beneficial Ownership Reporting Compliance" under the principal heading "Share Ownership" and the information regarding the Audit Committee under the subheading "Board and Committee Governance" under the principal heading "Governance" in the Company's 2018 Proxy Statement is incorporated herein by reference. See Item X in Part I of this report for information regarding executive officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The information under the subheading "Director Compensation" under the principal heading "Governance" and the information under the subheadings "Compensation Discussion and Analysis," "Report of the Compensation Committee," "Compensation Committee Interlocks and Insider Participation," "Compensation Tables," "Payments on Termination or Change in Control" and "Pay Ratio Disclosure" under the principal heading "Compensation" and the information in "Annex B — Summary of Plans" in the Company's 2018 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the subheading "Equity Compensation Plan Information" under the principal heading "Compensation" and the information under the subheading "Ownership of Equity Securities of the Company" under the principal heading "Share Ownership" in the Company's 2018 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the subheading "Director Independence and Related Person Transactions" under the principal heading
"Governance" in the Company's 2018 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors under the subheading "Item 3 — Ratification of the Appointment of Ernst & Young LLP as Independent Auditors" under the principal heading "Audit Matters" in the Company's 2018 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements:

Consolidated Statements of Income — Years Ended December 31, 2017, 2016 and 2015.

Consolidated Statements of Comprehensive Income — Years Ended December 31, 2017, 2016 and 2015.

Consolidated Balance Sheets — December 31, 2017 and 2016.

Consolidated Statements of Cash Flows — Years Ended December 31, 2017, 2016 and 2015.

Consolidated Statements of Shareowners' Equity — Years Ended December 31, 2017, 2016 and 2015.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.

2. Financial Statement Schedules:

The schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission ("SEC") are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations, warranties, covenants and conditions by or of each of the parties to the applicable agreement. These representations, warranties, covenants and conditions have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

EXHIBIT INDEX

(With regard to applicable cross-references in the list of exhibits below, the Company's Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission ("SEC") under File No. 001-02217; and Coca-Cola Refreshments USA, Inc.'s (formerly known as Coca-Cola Enterprises Inc.) Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-09300).

3.1	Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, dated July 27, 2012 — incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.
3.2	By-Laws of the Company, as amended and restated through September 2, 2015 — incorporated herein by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on September 3, 2015.
4.1	As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.
4.2	Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.3	First Supplemental Indenture, dated as of February 24, 1992, to Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.4	Second Supplemental Indenture, dated as of November 1, 2007, to Amended and Restated Indenture, dated as of April 26, 1988, as amended, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.5	Form of Note for 3.150% Notes due November 15, 2020 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 18, 2010.
4.6	Form of Exchange and Registration Rights Agreement among the Company, the representatives of the initial purchasers of the Notes and the other parties named therein — incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 8, 2011.
4.7	Form of Note for 3.30% Notes due September 1, 2021 — incorporated herein by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.
4.8	Form of Note for 1.650% Notes due March 14, 2018 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 14, 2012.
4.9	Form of Note for 1.150% Notes due 2018 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 5, 2013.
4.10	Form of Note for 2.500% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on March 5, 2013.
4.11	Form of Note for 1.650% Notes due 2018 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.12	Form of Note for 2.450% Notes due 2020 — incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.13	Form of Note for 3.200% Notes due 2023 — incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on November 1, 2013.
4.14	Form of Note for 1.875% Notes due 2026 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-A filed on September 19, 2014.
4.15	Form of Note for 1.125% Notes due 2022 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-A filed on September 19, 2014.
4.16	Form of Note for Floating Rate Notes due 2019 — incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.17	

	Form of Note for 0.75% Notes due 2023 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.18	Form of Note for 1.125% Notes due 2027 — incorporated herein by reference to Exhibit 4.7 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.
4.19	Form of Note for 1.625% Notes due 2035 — incorporated herein by reference to Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on March 6, 2015.

4.20	Form of Note for 1.875% Notes due 2020 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.21	Form of Note for 2.875% Notes due 2025 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on October 27, 2015.
4.22	Form of Note for 1.375% Notes due 2019 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 31, 2016.
4.23	Form of Note for 2.55% Notes due 2026 — incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on May 31, 2016.
4.24	Form of Note for 1.550% Notes due 2021 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 1, 2016.
4.25	Form of Note for 2.250% Notes due 2026 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 1, 2016.
4.26	Form of Note for 1.100% Notes due 2036 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on September 2, 2016.
4.27	Form of Note for Floating Rate Notes due 2019 — incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.28	Form of Note for 0.000% Notes due 2021 — incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement of Form 8-A filed on March 9, 2017.
4.29	Form of Note for 0.500% Notes due 2024 — incorporated herein by reference to Exhibit 4.6 to the Company's Registration Statement on Form 8-A filed on March 9, 2017.
4.30	Form of Note for 2.200% Notes due 2022 — incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.31	Form of Note for 2.900% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on May 25, 2017.
4.32	Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated July 30, 1991.
4.33	First Supplemental Indenture, dated as of January 29, 1992, to the Indenture, dated as of July 30, 1991, between the Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee —incorporated herein by reference to Exhibit 4.01 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated January 29, 1992.
4.34	Second Supplemental Indenture, dated as of June 22, 2017, to Amended and Restated Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.'s Current Report on Form 8-K dated June 23, 2017.
4.35	Third Supplemental Indenture, dated as of July 5, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as Trustee — incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 6, 2017.
10.1	The Coca-Cola Company Performance Incentive Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.2	The Coca-Cola Company 1999 Stock Option Plan, as amended and restated through February 20, 2013 (the "1999 Stock Option Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.2.1	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan — incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 14, 2007.*
10.2.2	

	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted December 12, 2007 — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 21, 2008.*
10.2.3	Form of Stock Option Agreement in connection with the 1999 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.3	The Coca-Cola Company 2002 Stock Option Plan, amended and restated through February 18, 2009 (the "2002 Stock Option Plan") — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2009.*

10.3.1	Form of Stock Option Agreement in connection with the 2002 Stock Option Plan, as amended — incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 8, 2004.*
10.3.2	Form of Stock Option Agreement in connection with the 2002 Stock Option Plan, as adopted December 12, 2007 — incorporated herein by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 21, 2008.*
10.3.3	Form of Stock Option Agreement in connection with the 2002 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.4	The Coca-Cola Company 2008 Stock Option Plan, as amended and restated, effective February 20, 2013 (the "2008 Stock Option Plan") — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.4.1	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 16, 2008.*
10.4.2	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 18, 2009 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 18, 2009.*
10.4.3	Form of Stock Option Agreement for grants under the 2008 Stock Option Plan, as adopted February 19, 2014— incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.5	The Coca-Cola Company 1983 Restricted Stock Award Plan, as amended and restated through February 16, 2011 (the "1983 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2011.*
10.6	The Coca-Cola Company 1989 Restricted Stock Award Plan, as amended and restated through February 19, 2014 (the "1989 Restricted Stock Award Plan") — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.6.1	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.2	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.3	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.4	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 20, 2013 — incorporated herein by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on February 20, 2013.*
10.6.5	Form of Restricted Stock Agreement (Performance Share Unit Agreement) in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.6.6	Form of Restricted Stock Unit Agreement in connection with the 1989 Restricted Stock Award Plan, as adopted February 19, 2014 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 19, 2014.*
10.7	The Coca-Cola Company 2014 Equity Plan, as amended and restated as of February 17, 2016 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.1	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.7.2	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 18, 2015.*

10.7.3	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 18, 2015.*
10.7.4	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 18, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 18, 2015.*

10.7.5	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.6	Form of Performance Share Agreement — Alternate for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.7	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.8	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 17, 2016 — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on February 17, 2016.*
10.7.9	Form of Performance Share Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.10	Form of Stock Option Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 —incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.11	Form of Restricted Stock Unit Agreement for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.12	Form of Restricted Stock Unit Agreement-Retention Award for grants under the 2014 Equity Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.7.13	Clawback Policy for Awards under The Coca-Cola Company Performance Incentive Plan, as adopted February 15, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 15, 2017.*
10.8	The Coca-Cola Company Compensation Deferral & Investment Program of the Company, as amended (the "Compensation Deferral & Investment Program"), including Amendments Number One, Two, Three and Four, dated November 28, 1995 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.*
10.8.1	Amendment Number Five to the Compensation Deferral & Investment Program, effective as of January 1, 1998 — incorporated herein by reference to Exhibit 10.8.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.*
10.8.2	Amendment Number Six to the Compensation Deferral & Investment Program, dated as of January 12, 2004, effective January 1, 2004 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.*
10.9	The Coca-Cola Company Supplemental Pension Plan, Amended and Restated effective January 1, 2010 (the "Supplemental Pension Plan") — incorporated herein by reference to Exhibit 10.10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.9.1	Amendment One to the Supplemental Pension Plan, effective December 31, 2012, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.9.2	Amendment Two to the Supplemental Pension Plan, effective April 1, 2013, dated March 19, 2013 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*
10.9.3	Amendment Three to the Supplemental Pension Plan, effective January 1, 2010, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.9.4	

	Amendment Four to the Coca-Cola Company Supplemental Pension Plan, effective June 1, 2017, dated June 29, 2017 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.10	The Coca-Cola Company Supplemental 401(k) Plan (f/k/a the Supplemental Thrift Plan of the Company), Amended and Restated Effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.11	The Coca-Cola Company Supplemental Cash Balance Plan, effective January 1, 2012 (the "Supplemental Cash Balance Plan") — incorporated herein by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*

10.11.1	Amendment One to the Supplemental Cash Balance Plan, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.12.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.11.2	Amendment Two to the Supplemental Cash Balance Plan, dated June 15, 2015 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2015.*
10.12	The Coca-Cola Company Directors' Plan, amended and restated on December 13, 2012, effective January 1, 2013 — incorporated herein by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.13	Deferred Compensation Plan of the Company, as amended and restated December 8, 2010 — incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.*
10.13.1	Amendment Number One to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, effective January 1, 2016 — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on April 28, 2016.*
10.13.2	Amendment Number Two to the Deferred Compensation Plan of the Company, as amended and restated on December 8, 2010, dated October 24, 2016 — incorporated herein by reference to Exhibit 10.13.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.14	The Coca-Cola Export Corporation Employee Share Plan, effective as of March 13, 2002 — incorporated herein by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.*
10.15	The Coca-Cola Company Benefits Plan for Members of the Board of Directors, as amended and restated through April 14, 2004 (the "Benefits Plan for Members of the Board of Directors") — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.*
10.15.1	Amendment Number One to the Benefits Plan for Members of the Board of Directors, dated December 16, 2005 — incorporated herein by reference to Exhibit 10.31.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005.*
10.16	The Coca-Cola Company Severance Pay Plan, as Amended and Restated, Effective January 1, 2012, dated December 14, 2011 — incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.16.1	Amendment One to The Coca-Cola Company Severance Pay Plan, effective January 1, 2016, dated December 16, 2015 — incorporated herein by reference to Exhibit 10.16.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.16.2	Amendment Two to The Coca-Cola Company Severance Pay Plan, effective April 1, 2017, dated March 10, 2017 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31,2017.*
10.17	Order Instituting Cease-and-Desist Proceedings, Making Findings and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 — incorporated herein by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.18	Offer of Settlement of The Coca-Cola Company — incorporated herein by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on April 18, 2005.
10.19	Letter, dated July 17, 2008, to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2008.*
10.19.1	Letter, dated April 27, 2017, from the Company to Muhtar Kent — incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.20	Letter of Understanding between the Company and Ceree Eberly, dated October 26, 2009, including Agreement on Confidentiality, Non-Competition and Non-Solicitation, dated November 1, 2009 — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.*
10.20.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Ceree Eberly dated March 15,

	2017, accepted April 20, 2017 — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.21	The Coca-Cola Export Corporation Overseas Retirement Plan, as amended and restated, effective October 1, 2007 — incorporated herein by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.*

10.21.1	Amendment Number One to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated September 29, 2011 — incorporated herein by reference to Exhibit 10.34.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.21.2	Amendment Number Two to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated November 14, 2011 — incorporated herein by reference to Exhibit 10.34.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.21.3	Amendment Number Three to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on October 25, 2012.*
10.21.4	Amendment Number Four to The Coca-Cola Export Corporation Overseas Retirement Plan, as Amended and Restated, Effective October 1, 2007, dated November 18, 2014 — incorporated herein by reference to Exhibit 10.21.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.22	The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011 — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2011.*
10.22.1	Amendment Number One to The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011, dated September 20, 2011 — incorporated herein by reference to Exhibit 10.35.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*
10.22.2	Amendment Number Two to The Coca-Cola Export Corporation International Thrift Plan, as Amended and Restated, Effective January 1, 2011, dated September 27, 2012 — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on October 25, 2012.*
10.23	The Coca-Cola Export Corporation Mobile Employees Retirement Plan, effective January 1, 2012 — incorporated herein by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.24	Letter Agreement, dated as of June 7, 2010, between The Coca-Cola Company and Dr Pepper/ Seven Up, Inc. — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.25	Coca-Cola Enterprises Inc. 2004 Stock Award Plan — incorporated herein by reference to Exhibit 99.5 to the Company's Registration Statement on Form S-8 (Registration No. 333-169722) filed on October 1, 2010.*
10.26	Coca-Cola Enterprises Inc. 2007 Incentive Award Plan — incorporated herein by reference to Exhibit 99.6 to the Company's Registration Statement on Form S-8 (Registration No. 333-169722) filed on October 1, 2010.*
10.27	Letter, dated September 11, 2012, from the Company to Ahmet Bozer — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.27.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Ahmet Bozer, dated August 12, 2015 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 13, 2015.*
10.28	Letter, dated May 18, 2016, from the Company to Brian J. Smith — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on July 28, 2016.*
10.29	Letter, dated September 11, 2012, from the Company to J. Alexander Douglas, Jr. — incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.30	Letter, dated September 11, 2012, from the Company to Nathan Kalumbu — incorporated herein by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on September 14, 2012.*
10.31	Separation Agreement between Coca-Cola Pazarlama and Nathan Kalumbu, dated July 1, 2016 — incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on July 28, 2016.*

10.32	Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, effective as of January 1, 2012 — incorporated herein by reference to Exhibit 10.60.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.32.1	Amendment One to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, effective January 1, 2012, dated May 24, 2012 — incorporated herein by reference to Exhibit 10.60.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.32.2	Amendment Two to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, dated December 6, 2012 — incorporated herein by reference to Exhibit 10.60.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.*
10.32.3	Amendment Three to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, adopted March 19, 2013 — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2013.*

10.32.4	Amendment Four to the Coca-Cola Refreshments Severance Pay Plan for Exempt Employees, effective February 28, 2014, dated September 22, 2014 — incorporated herein by reference to Exhibit 10.32.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.33	Letter, dated December 16, 2013, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.*
10.33.1	Letter, dated April 29, 2015, from the Company to Irial Finan — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on July 29, 2015.*
10.33.2	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between The Coca-Cola Company and Irial Finan, dated December 7, 2017 — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 8, 2017.*
10.34	Letter, dated April 24, 2014, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2014.*
10.34.1	Letter, dated March 22, 2017, from the Company to Kathy N. Waller — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.35	Letter, dated October 15, 2014, from the Company to Atul Singh — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.36	Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between Coca-Cola India, Inc. and Atul Singh, dated effective July 29, 2016 — incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on October 27, 2016.*
10.37	Letter, dated December 16, 2014, from the Company to Marcos de Quinto — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*
10.37.1	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Marcos de Quinto, dated March 20, 2017 — incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 24, 2017.*
10.38	Letter, dated February 19, 2015, from the Company to Ed Hays — incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on April 30, 2015.*
10.39	Letter, dated February 18, 2016, from the Company to Julie Hamilton — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed on April 28, 2016.*
10.40	Letter, dated August 12, 2015, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 13, 2015.*
10.40.1	Letter, dated April 27, 2017, from the Company to James Quincey — incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.41	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Alex Cummings, dated December 23, 2015 — incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.42	Letter, dated October 14, 2015, from the Company to Bernhard Goepelt — incorporated herein by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*
10.43	Letter, dated February 17, 2016, from the Company to Charles Brent Hastie — incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on April 28, 2016.*
10.44	Letter, dated May 18, 2016, from the Company to Mario Alfredo Rivera Garcia — incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on July 28, 2016.*
10.45	

	Letter, dated October 19, 2016, from the Company to Barry Simpson — incorporated herein by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.46	Letter, dated October 26, 2016, from the Company to John Murphy — incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*
10.46.1	Letter, dated December 12, 2017, from the Company to John Murphy.*
10.47	Letter, dated March 22, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.47.1	Deferred Cash Agreement, dated December 7, 2016, between Servicios Integrados de Administracion y Alta Gerencia, Sociedad de Responsabilidad Limitada de Capital Variable and Francisco Xavier Crespo Benitez.*
10.47.2	Letter, dated June 5, 2017, from the Company to Francisco Xavier Crespo Benitez — incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*

10.48	Letter, dated March 22, 2017, from the Company to Beatriz R. Perez — incorporated herein by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.49	Letter, dated March 22, 2017, from the Company to Jennifer Mann — incorporated herein by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.50	Letter, dated March 24, 2017, from the Company to Robert E. Long — incorporated herein by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.*
10.51	Separation Agreement and Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality between The Coca-Cola Company and Clyde Tuggle dated March 13, 2017, accepted April 24, 2017 — incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.*
10.52	Letter, dated April 27, 2017, from the Company to Mark Randazza — incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on April 28, 2017.*
10.53	Letter, dated October 23, 2017, from the Company to James Dinkins.*
12.1	Computation of Ratios of Earnings to Fixed Charges for the years ended December 31, 2017, 2016, 2015, 2014 and 2013.
21.1	List of subsidiaries of the Company as of December 31, 2017.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Powers of Attorney of Officers and Directors signing this report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by James R. Quincey, President and Chief Executive Officer of The Coca-Cola Company.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Kathy N. Waller, Executive Vice President, Chief Financial Officer and President, Enabling Services of The Coca-Cola Company.
32.1	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 James R. Quincey, President, Chief Executive Officer of The Coca-Cola Company, and by Kathy N. Waller, Executive Vice President, Chief Financial Officer and President, Enabling Services of The Coca-Cola Company.
101	The following financial information from The Coca-Cola Company's Annual Report on Form 10-K for the year ended December 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Income for the years ended December 31, 2017, 2016 and 2015, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015, (iii) Consolidated Balance Sheets as of December 31, 2017 and 2016, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015, (v) Consolidated Statements of Shareowners' Equity for the years ended December 31, 2017, 2016 and 2015 and (vi) the Notes to Consolidated Financial Statements.

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

THE COCA-COLA COMPANY
(Registrant)

By: /s/ JAMES QUINCEY
James R. Quincey
President and Chief Executive Officer
Date: February 23, 2018

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

/s/ JAMES QUINCEY
James R. Quincey
President, Chief Executive Officer and a Director
(Principal Executive Officer)

February 23, 2018

/s/ KATHY N. WALLER
Kathy N. Waller
Executive Vice President, Chief Financial Officer and President, Enabling Services
(Principal Financial Officer)

February 23, 2018

/s/ LARRY M. MARK
Larry M. Mark
Vice President and Controller
(On behalf of the Registrant)

February 23, 2018

/s/ MARK RANDAZZA
Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
(Principal Accounting Officer)

February 23, 2018

*
Muhtar Kent
Chairman of the Board of Directors and a Director

February 23, 2018

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Ana Botín
Director

February 23, 2018

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Herbert A. Allen
Director

February 23, 2018

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Richard M. Daley
Director

February 23, 2018

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Ronald W. Allen
Director

February 23, 2018

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Barry Diller
Director

February 23, 2018

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Marc Bolland
Director

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Helene D. Gayle
Director

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Alexis M. Herman
Director

February 23, 2018

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Sam Nunn
Director

February 23, 2018

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Robert A. Kotick
Director

February 23, 2018

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David B. Weinberg
Director

February 23, 2018

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Maria Elena Lagomasino
Director

February 23, 2018

*By: /s/ JENNIFER MANNING

Jennifer Manning
Attorney-in-fact

February 23, 2018