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

The Coca-Cola Company

(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 than500 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. In2019, 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 ofDecember 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.

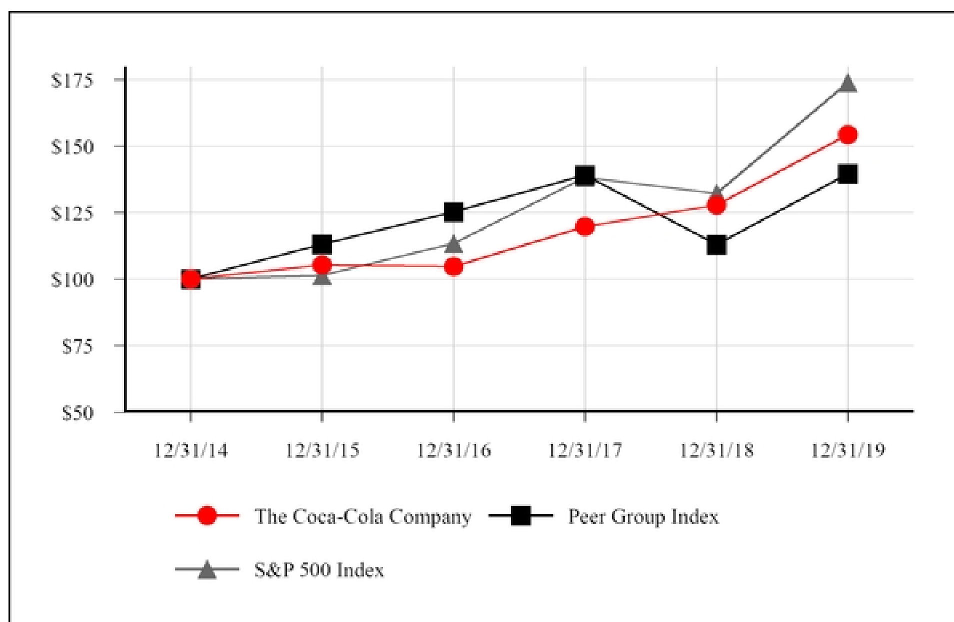
[2] On October 18, 2012, the Company publicly announced that our Board of Directors had authorized a plan ("2012 Plan") for the Company to purchase up to 500 million shares of our common stock. This column discloses the number of shares purchased pursuant to the 2012 Plan during the indicated time periods (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



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 than500 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 in2019, 2018 and 2017, respectively. The unit case volume for2019, 2018 and 2017 reflects the impact of brands acquired or licensed during the applicable year. The unit case volume for2019, 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 for2019, 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 represented18 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 for2019. 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 within24 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. In2019, 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 a10 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 unrealizedloss of $26 million as of December 31, 2019, and we estimate that a10 percent weakening of the U.S. dollar would have eliminated the unrealized loss and created a net unrealizedgain 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 ofDecember 31, 2019, we estimate that a1 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.

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 than500 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 ofthree 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 thanthree months but less thanone 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 froml 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 ofDecember 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 theyears 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 ofDecember 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 in2019 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 represented61 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 than11 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 approximately3 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 was7.75 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.
- 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.

James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
February 24, 2020

Larry M. Mark
Vice President and Controller
February 24, 2020

John Murphy
Executive Vice President and Chief Financial Officer
February 24, 2020

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 of2018. 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 of2018. 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 ofDecember 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
James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

February 24, 2020

/s/ JOHN MURPHY
John Murphy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

February 24, 2020

/s/ LARRY M. MARK
Larry M. Mark
Vice President and Controller
(On behalf of the Registrant)

February 24, 2020

/s/ MARK RANDAZZA
Mark Randazza
Vice President, Assistant Controller and Chief Accounting Officer
(Principal Accounting Officer)

February 24, 2020

*
Herbert A. Allen
Director

February 24, 2020

*
Ana Botín
Director

February 24, 2020

*
Ronald W. Allen
Director

February 24, 2020

*
Christopher C. Davis
Director

February 24, 2020

*
Marc Bolland
Director

February 24, 2020

*
Barry Diller
Director

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

Exhibit 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of our annual report on Form 10-K of which this Exhibit is a part, we have the following classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock, par value $0.25 per share, (2) our 1.125% Notes due 2022, (3) our 1.875% Notes due 2026, (4) our 0.75% Notes due 2023, (5) our 1.125% Notes due 2027, (6) our 1.625% Notes due 2035, (7) our 1.100% Notes due 2036, (8) our 0.000% Notes due 2021, (9) our 0.500% Notes due 2024, (10) our 0.125% Notes due 2022, (11) our 0.750% Notes due 2026, (12) our 1.250% Notes due 2031 and (13) our Floating Rate Notes due 2021.

Except as otherwise indicated or the context otherwise requires, the terms "Company," "we," "us" and "our" mean The Coca-Cola Company and all entities included in its consolidated financial statements.

Description of Common Stock

Set forth below is a summary description of the material terms of our common stock, which does not purport to be complete. For more information, please see our restated certificate of incorporation, as amended, our by-laws, as amended and restated, each of which are incorporated by reference as an exhibit to our annual report on Form 10-K of which this Exhibit is a part, and the applicable provisions of Delaware General Corporation Law.

Under our restated certificate of incorporation, as amended, we are authorized to issue up to 11,200,000,000 shares of our common stock, par value $0.25 per share.

The holders of our common stock are entitled to one vote for each share on all matters submitted to a vote of shareowners. Each share of our common stock outstanding is entitled to participate equally in any distribution of net assets made to the shareowners in the liquidation, dissolution or winding up of our Company and is entitled to participate equally in dividends as and when declared by our board of directors. There are no redemption, sinking fund, conversion or preemptive rights with respect to the shares of our common stock. All shares of our common stock have equal rights and preferences. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of holders of shares of any series of our preferred stock that we may designate and issue in the future.

Our authorized shares of common stock are available for issuance without further action by our shareowners, unless such action is required by applicable law or the rules of the stock exchange or automated quotation system on which our securities may be listed or trade. If the approval of our shareowners is not required for the issuance of shares of our common stock, our board of directors may determine to issue shares without seeking shareowners' approval.

Certain Anti-takeover Matters

Our restated certificate of incorporation, as amended, and by-laws contain provisions that may make it more difficult for a potential acquirer to acquire us by means of a transaction that is not negotiated with our board of directors. These provisions and General Corporation Law of the State of Delaware, or the "DGCL," could delay or prevent entirely a merger or acquisition that our shareowners consider favorable. These provisions may also discourage acquisition proposals or have the effect of delaying or preventing entirely a change in control, which could harm our stock price. Our board of directors is not

aware of any current effort to accumulate shares of our common stock or to otherwise obtain control of our Company and does not currently contemplate adopting or recommending the approval of any other action that might have the effect of delaying, deterring or preventing a change in control of our Company.

Following is a description of the anti-takeover effects of certain provisions of our restated certificate of incorporation, as amended, and of our by-laws.

No cumulative voting. The DGCL provides that stockholders of a Delaware corporation are not entitled to the right to cumulate votes in the election of directors unless its certificate of incorporation, as amended, provides otherwise. Our restated certificate of incorporation, as amended, does not provide for cumulative voting.

Calling of special meetings of shareowners. Our by-laws provide that special meetings of our shareowners may be called only by or at the direction of our board of directors, the chairman of our board of directors, our chief executive officer or by our secretary if appropriately requested by a person (or group of persons) beneficially owning at least a twenty-five percent (25%) “net long position” of the Company’s outstanding shares of common stock.

Advance notice requirements for shareowner proposals and director nominations. Our by-laws provide that shareowners seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareowners or a shareowner requested special meeting of shareowners must provide timely notice of their proposal in writing to our corporate secretary.

Generally, to be timely, a shareowner’s notice regarding an annual meeting of shareowners must be received at our principal executive offices not less than 120 days prior to the first anniversary of the previous year’s annual meeting. Our by-laws also specify requirements as to the form and content of a shareowner’s notice. These provisions may impede shareowners’ ability to bring matters before an annual meeting of shareowners, a shareowner requested special meeting of shareowners or make nominations for directors.

Limitations on liability and indemnification of officers and directors. The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors’ fiduciary duties. Our restated certificate of incorporation, as amended, includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty in such capacity, except for liability:

- for any breach of the director’s duty of loyalty to us or our shareowners;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions); or
- for any transaction from which the director derived any improper personal benefit.

Our restated certificate of incorporation, as amended, further provides, that if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

We are also expressly authorized to carry directors' and officers' insurance for the benefit of our directors, officers, employees and agents. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in the restated certificate of incorporation, as amended, and the by-laws may discourage our shareowners from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our shareowners. In addition, the shareowner's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Board authority to amend by-laws. Under the by-laws, our board of directors has the authority to adopt, amend or repeal the by-laws without the approval of our shareowners. However, the holders of common stock will also have the right to initiate on their own, with the affirmative vote of a majority of the shares outstanding and without the approval of our board of directors, proposals to adopt, amend or repeal the by-laws.

General Corporation Law of the State of Delaware. We are a Delaware corporation that is subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified in the law, a Delaware corporation shall not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder unless:

- prior to such time, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the corporation's voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by the board of directors of the corporation and by the affirmative vote of holders of at least $66^{2}/3\%$ of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years did own, 15% or more of our voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an "interested stockholder" to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage any entity interested in acquiring our company to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in such entity becoming an interested stockholder. These provisions also may make it more difficult to accomplish transactions involving our Company that our shareowners may otherwise deem to be in their best interests.

Listing

Our common stock is listed and traded on the New York Stock Exchange under the symbol "KO."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. Its address is P.O. Box 505005, Louisville, KY 40233 and its telephone number is (888) 265-3747.

Description of Notes

Set forth below is a summary description of the material terms and provisions of our notes (as defined below), which does not purport to be complete. It is subject to and qualified in its entirety by reference to the senior indenture, dated April 26, 1988, as amended (the "senior indenture"), between us and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee (the "trustee"), as amended by the First Supplemental Indenture, dated as of February 24, 1992 (the "First Supplemental Indenture"), between us and the trustee, and the Second Supplemental Indenture, dated as of November 1, 2007 (the "Second Supplemental Indenture" and, together with the senior indenture and the First Supplemental Indenture, the "indenture"), between us and the trustee, which are incorporated by reference as exhibits to the annual report on Form 10-K of which this Exhibit is a part.

Definitions of certain terms are set forth under "Certain Definitions" and throughout this description. Capitalized terms that are used but not otherwise defined herein have the meanings assigned to them in the indenture, and those definitions are incorporated herein by reference. We encourage you to read the above referenced indenture for additional information.

As of the date of our annual report on Form 10-K of which this Exhibit is a part, we have the following classes of debt securities registered under Section 12 of the Exchange Act: (1) our 1.125% Notes due 2022 (the "1.125% 2022 notes"), (2) our 1.875% Notes due 2026 (the "1.875% 2026 notes"), (3) our 0.75% Notes due 2023 (the "2023 notes"), (4) our 1.125% Notes due 2027 (the "2027 notes"), (5) our 1.625% Notes due 2035 (the "2035 notes"), (6) our 1.100% Notes due 2036 (the "2036 notes"), (7) our 0.000% Notes due 2021 (the "2021 notes"), (8) our 0.500% Notes due 2024 (the "2024 notes"), (9) our 0.125% Notes due 2022 (the "0.125% 2022 notes"), (10) our 0.750% Notes due 2026 (the "0.750% 2026 notes"), (11) our 1.250% Notes due 2031 (the "2031 notes" and, together with the 1.125% 2022 notes, the 1.875% 2026 notes, the 2023 notes, the 2027 notes, the 2035 notes, the 2036 notes, the 2021 notes, the 2024 notes, the 0.125% 2022 notes and the 0.750% 2026 notes, the "fixed rate notes") and (12) our Floating Rate Notes due 2021 (the "floating rate notes" and, together with the fixed rate notes, the "notes").

General

The notes:

- are our senior debt, ranking equally with all our other present and future unsecured and unsubordinated indebtedness;
- were issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof;
- will be repaid at par at maturity;
- other than the floating rate notes, are redeemable by us at any time prior to maturity as described below under "Optional Redemption"; and
- are not subject to any sinking fund.

The 1.125% 2022 notes:

- were issued in September 2014 in an aggregate initial principal amount of €800,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on September 22, 2022; and
- bear interest at a rate of 1.125% per annum.

The 1.875% 2026 notes:

- were issued in September 2014 in an aggregate initial principal amount of €1,200,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on September 22, 2026; and
- bear interest at a rate of 1.875% per annum.

The 2023 notes:

- were issued in February 2015 in an aggregate initial principal amount of €1,500,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 9, 2023; and
- bear interest at a rate of 0.75% per annum.

The 2027 notes:

- were issued in February 2015 in an aggregate initial principal amount of €1,500,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 9, 2027; and
- bear interest at a rate of 1.125% per annum.

The 2035 notes:

- were issued in February 2015 in an aggregate initial principal amount of €1,500,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 9, 2035; and
- bear interest at a rate of 1.625% per annum.

The 2036 notes:

- were issued in August 2016 in an aggregate initial principal amount of €500,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on September 2, 2036; and
- bear interest at a rate of 1.100% per annum.

The 2021 notes:

- were issued in February 2017 in an aggregate initial principal amount of €500,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 9, 2021; and
- bear interest at a rate of 0.000% per annum.

The 2024 notes:

- were issued in February 2017 in an aggregate initial principal amount of €500,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 8, 2024; and
- bear interest at a rate of 0.500% per annum.

The 0.125% 2022 notes:

- were issued in February 2019 in an aggregate initial principal amount of €1,000,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on September 22, 2022; and
- bear interest at a rate of 0.125% per annum.

The 0.750% 2026 notes:

- were issued in February 2019 in an aggregate initial principal amount of €1,000,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on September 22, 2026; and
- bear interest at a rate of 0.750% per annum.

The 2031 notes:

- were issued in February 2019 in an aggregate initial principal amount of €750,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 8, 2031; and
- bear interest at a rate of 1.250% per annum.

The floating rate notes:

- were issued in February 2019 in an aggregate initial principal amount of €750,000,000, of which the same amount was outstanding as of December 31, 2019;
- will mature on March 8, 2021;
- bear interest at a floating rate per annum equal to three-month EURIBOR plus 0.200%; *provided, however*, that the minimum interest rate is zero; and
- are not redeemable by us prior to maturity, except in the event that certain events occur involving United States taxation as described below under "Redemption for Tax Reasons."

The notes are senior debt securities issued under our indenture, which is subject to the provisions of the Trust Indenture Act of 1939, as amended.

We issued the notes in fully registered form only. We may issue definitive notes in the limited circumstances.

The indenture and the notes do not limit the amount of unsecured indebtedness that may be incurred or the amount of securities that may be issued by us. We may issue debt securities under the indenture in one or more series, each with different terms, up to the aggregate principal amount which we may authorize from time to time. We also have the right to "re-open" a previous issue of a series of notes by issuing additional debt securities of such series.

Issuance in Euro

Initial holders are required to pay for the notes in euro, and all payments of interest and principal, including payments made upon any redemption of the notes, are payable in euro. If, on or after the date of the applicable prospectus supplement, the euro is unavailable to us due to the imposition of exchange

controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union (the “Member States”) that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount otherwise payable by us on any date in euro would be converted into U.S. dollars (i) with respect to the 1.125% 2022 notes, 1.875% 2026 notes, 2023 notes, 2027 notes, 2035 notes and 2036 notes, at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the most recent euro/U.S. dollar exchange rate available on or prior to the second business day prior to the relevant payment date, as reported by Bloomberg and (ii) with respect to all other series of notes, at a rate determined by us in good faith. If applicable laws or regulations of the Member States (including official pronouncements applying those laws or regulations) mandated, in our good faith determination, the use of a specific exchange rate for these purposes, we would apply the exchange rate so mandated. Any payment in respect of the notes so made in U.S. dollars will not constitute an Event of Default under the notes or the indenture governing the notes. Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

Interest on the Floating Rate Notes

Interest on the floating rate notes accrued from and including March 8, 2019. We make interest payments on the floating rate notes on each March 8, June 8, September 8 and December 8 of each year, with the first interest payment made on June 8, 2019. We make interest payments to the person in whose name the notes are registered at the close of business on the 15th calendar day (whether or not a business day) preceding the respective interest payment date.

The per annum interest rate on the floating rate notes in effect for each day of a Floating Rate Interest Period (as defined below) will be equal to the Applicable EURIBOR Rate (as defined below) plus 20 basis points (0.200%); *provided, however*, that the minimum interest rate is zero (the “Floating Interest Rate”). The Floating Interest Rate for each Floating Rate Interest Period is set on March 8, June 8, September 8 and December 8 of each year, and was set for the initial Floating Rate Interest Period on March 6, 2019 (each such date, a “Floating Rate Interest Reset Date”). The floating rate notes bear interest at the applicable Floating Interest Rate until the principal on the floating rate notes is paid or made available for payment (the “Floating Rate Principal Payment Date”). If any Floating Rate Interest Reset Date (other than the initial Floating Rate Interest Reset Date occurring on June 8, 2019) and Floating Rate Interest Payment Date would otherwise be a day that is not a EURIBOR business day, such Floating Rate Interest Reset Date and Floating Rate Interest Payment Date shall be the next succeeding EURIBOR business day, unless the next succeeding EURIBOR business day is in the next succeeding calendar month, in which case such Floating Rate Interest Reset Date and Floating Rate Interest Payment Date shall be the immediately preceding EURIBOR business day.

“EURIBOR business day” means any day that is not a Saturday or Sunday and that, in the City of New York or the City of London, is not a day on which banking institutions are generally authorized or obligated by law to close, and is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System, or any successor thereto, operates.

“Floating Rate Interest Period” shall mean the period from and including a Floating Rate Interest Reset Date to but excluding the next succeeding Floating Rate Interest Reset Date and, in the case of the last such period, from and including the Floating Rate Interest Reset Date immediately preceding the Floating Rate Maturity Date or Floating Rate Principal Payment Date, as the case may be, to but not

including the later of the Floating Rate Maturity Date or the Floating Rate Principal Payment Date, as the case may be. If the Floating Rate Principal Payment Date or Floating Rate Maturity Date is not a EURIBOR business day, then the principal amount of the floating rate notes plus accrued and unpaid interest thereon shall be paid on the next succeeding EURIBOR business day and no interest shall accrue for the Floating Rate Maturity Date, Floating Rate Principal Payment Date or any day thereafter.

The “Applicable EURIBOR Rate” shall mean the rate determined in accordance with the following provisions:

(1) Two prior TARGET days (as defined below) on which dealings in deposits in euros are transacted in the euro-zone interbank market preceding each Floating Rate Interest Reset Date (each such date, an “Interest Determination Date”), Deutsche Bank AG, London Branch (the “Calculation Agent”), as agent for us, will determine the Applicable EURIBOR Rate which shall be the rate for deposits in euro having a maturity of three months commencing on the first day of the applicable interest period that appears on the Reuters Screen EURIBOR01 Page as of 11:00 a.m., Brussels time, on such Interest Determination Date. “Reuters Screen EURIBOR01 Page” means the display designated on page “EURIBOR01” on Reuters (or such other page as may replace the EURIBOR01 page on that service or any successor service for the purpose of displaying euro-zone interbank offered rates for euro-denominated deposits of major banks). If the Applicable EURIBOR Rate on such Interest Determination Date does not appear on the Reuters Screen EURIBOR01 Page, the Applicable EURIBOR Rate will be determined as described in (2) below. “Target day” means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is operating.

(2) With respect to an Interest Determination Date for which the Applicable EURIBOR Rate does not appear on the Reuters Screen EURIBOR01 Page as specified in (1) above, the Applicable EURIBOR Rate will be determined on the basis of the rates at which deposits in euro are offered by four major banks in the euro-zone interbank market selected by us (the “Reference Banks”) at approximately 11:00 a.m., Brussels time, on such Interest Determination Date to prime banks in the euro-zone interbank market having a maturity of three months, and in a principal amount equal to an amount of not less than €1,000,000 that is representative for a single transaction in such market at such time. We will request the principal euro-zone office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the Applicable EURIBOR Rate on such Interest Determination Date will be the arithmetic mean (rounded upwards) of such quotations. If fewer than two quotations are provided, the Applicable EURIBOR Rate on such Interest Determination Date will be the arithmetic mean (rounded upwards) of the rates quoted by three major banks in the euro-zone selected by us at approximately 11:00 a.m., Brussels time, on such Interest Determination Date for loans in euro to leading European banks, having a maturity of three months, and in a principal amount equal to an amount of not less than €1,000,000 that is representative for a single transaction in such market at such time; *provided, however*, that if the banks so selected as aforesaid by us are not quoting as mentioned in this sentence, the relevant Floating Interest Rate for the Floating Rate Interest Period commencing on the Floating Rate Interest Reset Date following such Interest Determination Date will be the Floating Interest Rate in effect on such Interest Determination Date (i.e., the same as the rate determined for the immediately preceding Floating Rate Interest Reset Date).

The amount of interest for each day that the floating rate notes are outstanding (the "Daily Interest Amount") is calculated by dividing the Floating Interest Rate in effect for such day by 360 and multiplying the result by the principal amount of the floating rate notes (known as the "Actual/360" day count). The amount of interest to be paid on the floating rate notes for any Floating Rate Interest Period is calculated by adding the Daily Interest Amounts for each day in such Floating Rate Interest Period.

The Floating Interest Rate and amount of interest to be paid on the floating rate notes for each Floating Rate Interest Period is determined by the Calculation Agent. The Calculation Agent, upon the request of any holder of the floating rate notes, provides the interest rate at the time of the last interest payment date with respect to the floating rate notes. All calculations made by the Calculation Agent shall in the absence of manifest error be conclusive for all purposes and binding on us and the holders of the floating rate notes. So long as the Applicable EURIBOR Rate is required to be determined with respect to the floating rate notes, there will at all times be a Calculation Agent. In the event that any then acting Calculation Agent shall be unable or unwilling to act, or that such Calculation Agent shall fail duly to establish the Applicable EURIBOR Rate for any Interest Period, or that we propose to remove such Calculation Agent, we shall appoint ourselves or another person which is a bank, trust company, investment banking firm or other financial institution to act as the Calculation Agent.

Interest on the 1.125% 2022 Notes and 1.875% 2026 Notes

Interest on the 1.125% 2022 notes and 1.875% 2026 notes accrued from and including September 22, 2014. We make interest payments on the notes annually on September 22 of each year, with the first interest payment made on September 22, 2015. We make interest payments to the person in whose name the notes are registered at the close of business on the business day immediately preceding the next interest payment date.

Interest on the 2023 Notes, 2027 Notes and 2035 Notes

Interest on the 2023 notes, 2027 notes and 2035 notes accrued from and including March 9, 2015. We make interest payments on the notes annually on March 9 of each year, with the first interest payment made on March 9, 2016. We make interest payments to the person in whose name the notes are registered at the close of business on the business day immediately preceding the next interest payment date.

Interest on the 2036 Notes

Interest on the 2036 notes accrued from and including September 2, 2016. We make interest payments on the notes annually on September 2 of each year, with the first interest payment made on September 2, 2017. We make interest payments to the person in whose name the notes are registered at the close of business on the business day immediately preceding the next interest payment date.

Interest on the 2021 Notes and 2024 Notes

Interest on the 2021 notes and 2024 accrued from and including March 9, 2017. We make interest payments on the 2021 notes annually on March 9 of each year, with the first interest payment made on March 9, 2018. We make interest payments on the 2024 notes annually on March 8 of each year, with the first interest payment made on March 8, 2018. We make interest payments to the person in whose name the notes are registered at the close of business on the business day immediately preceding the next interest payment date.

Interest on the 0.125% 2022 Notes, 0.750% 2026 Notes and 2031 Notes

Interest on the 0.125% 2022 notes, 0.750% 2026 notes and 2031 notes accrued from and including March 8, 2019. We make interest payments on the 0.125% 2022 notes annually on September 22 of each year, with the first interest payment made on September 22, 2019. We make interest payments on the 0.750% 2026 notes annually on September 22 of each year, with the first interest payment made on September 22, 2019. We make interest payments on the 2031 notes annually on March 8 of each year, with the first interest payment made on March 8, 2020. We make interest payments to the person in whose name the notes are registered at the close of business on the business day immediately preceding the next interest payment date.

If any interest payment date is not a business day, payment of interest is made on the next day that is a business day and no interest accrues as a result of such delayed payment on amounts payable from and after such interest payment date to the next succeeding business day. For the purposes of the notes, "business day" means any day that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in the City of New York or London and on which the Trans-European Automated Real-time Gross Settlement Express Transfer system, or any successor thereto, operates. Interest on the notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or from (i) September 22, 2014, if no interest has been paid on the 1.125% 2022 notes or 1.875% 2026 notes, (ii) March 9, 2015, if no interest has been paid on the 2023 notes, 2027 notes or 2035 notes, (iii) September 2, 2016, if no interest has been paid on the 2036 notes, (iv) March 9, 2017, if no interest has been paid on the 2021 notes or 2024 notes or (v) March 8, 2019, if no interest has been paid on the 0.125% 2022 notes, 0.750% 2026 notes and 2031 notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

Optional Redemption

Meaning of terms

We may redeem any series of the fixed rate notes at our option as described below. See "Our redemption rights." The following terms are relevant to the determination of the redemption prices of the notes:

When we use the term "comparable government bond rate," we mean the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the comparable government bond (as defined below) on the basis of the middle market price of the comparable government bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

"comparable government bond" means, in relation to any comparable government bond rate calculation, at the discretion of an independent investment bank selected by us, (i) the 1.500% German Bundesobligationen due September 4, 2022, in the case of the 1.125% 2022 notes, (ii) the 1.500% German Bundesobligationen due May 15, 2024, in the case of the 2026 notes, (iii) the 1.500% German Bundesobligationen due February 15, 2023, in the case of the 2023 notes, (iv) the 0.500% German Bundesobligationen due February 15, 2025, in the case of the 2027 notes, (v) the 4.750% German Bundesobligationen due July 4, 2034, in the case of the 2035 notes, (vi) the 4.750% German Bundesobligationen due July 4, 2034, in the case of the 2036 notes, (vii) the 2.500% German Bundesobligationen due January 4, 2021, in the case of the 2021 notes, (viii) the 1.750% German

Bundesobligationen due February 15, 2024, in the case of the 2024 notes, (ix) the 1.75% German Bundesobligationen due July 4, 2022, in the case of the 0.125% 2022 notes, (x) the 0.00% German Bundesobligationen due August 15, 2026, in the case of the 0.750% 2026 notes and (xi) the 0.25% German Bundesobligationen due February 15, 2029, in the case of the 2031 notes, or if such independent investment bank in its discretion determines that such bond is not in issue, such other German Bundesobligationen as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the comparable government bond rate.

When we use the term "remaining scheduled payments," we mean, with respect to any note, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon that would be due after the related redemption date but for such redemption; *provided*, *however*, that, if such redemption date is not an interest payment date with respect to such note, the amount of the next scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Our redemption rights

We may redeem any series of the fixed rate notes at our option and at any time, either as a whole or in part. If we elect to redeem a series of notes, we will pay a redemption price equal to the greater of:

- 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest; and
- the sum of the present values of the remaining scheduled payments, plus accrued and unpaid interest (excluding any portion of such payments of interest accrued as of the date of redemption).

In determining the present value of the remaining scheduled payments, we will discount such payments to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable comparable government bond rate, plus (i) 10 basis points on the 1.125% 2022 notes, (ii) 15 basis points on the 1.875% 2026 notes, (iii) 69.3 basis points on the 2023 notes, (iv) 91.4 basis points for the 2027 notes, (v) 89.8 basis points on the 2035 notes, (vi) 15 basis points on the 2036 notes, (vii) 15 basis points on the 2021 notes, (viii) 15 basis points on the 2024 notes, (ix) 10 basis points on the 0.125% 2022 notes, (x) 15 basis points on the 0.750% 2026 notes and (xi) 20 basis points on the 2031 notes. A partial redemption of notes may be effected by such method as the paying agent shall deem fair and appropriate in accordance with Clearstream/Euroclear's applicable procedures and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for such notes or any integral multiple of €1,000 in excess thereof) of the principal amount of such notes of a denomination larger than the minimum authorized denomination for such notes.

On or after December 9, 2022, with respect to the 2023 notes, December 9, 2026, with respect to the 2027 notes and December 9, 2034, with respect to the 2035 notes (three months prior to the maturity date of the applicable series of notes), we may redeem in whole or in part the applicable series of notes, at any time or from time to time, at our option, at a redemption price equal to 100% of the principal amount of the applicable series of notes being redeemed, plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption. Neither the trustee nor the paying agent shall be responsible for the calculation of the redemption price.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the notes such additional amounts as are necessary in order that the net payment by us of the principal of and interest on the notes to a holder who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment or other governmental charge imposed by the United States or a taxing authority in the United States, will not be less than the amount provided in the notes to be then due and payable; *provided*, *however*, that the foregoing obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or other governmental charge that is imposed by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the notes or the receipt of any payment or the enforcement of any rights thereunder), including being or having been a citizen or resident of the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a "10-percent shareholder" of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

with respect to the 0.125% 2022 notes, 0.750% 2026 notes, 2031 notes and floating rate notes,

(f) being a controlled foreign corporation within the meaning of Section 957(a) of the Code related within the meaning of Code Section 864(d)(4) to the Company; or

(g) being subject to income tax withholding or backup withholding as of the date of the purchase by the holder or beneficial owner of the notes;

(2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment; or

(3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge; and

with respect to the 0.125% 2022 notes, 0.750% 2026 notes, 2031 notes and floating rate notes,

(4) to any tax, duty, levy, assessment or other governmental charge which would not have been imposed but for the presentation of the note or evidence of beneficial ownership thereof (where presentation is required) for payment on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment is duly provided for, whichever occurs later;

(5) to any inheritance, gift, estate, personal property, sales, transfer or similar tax, duty levy, assessment, or similar governmental charge;

(6) to any tax, duty, levy, assessment, or other governmental charge that is payable otherwise than by withholding from payments in respect of the notes;

(7) to any tax, duty, levy, assessment or governmental charge that would not have been imposed but for an election by the holder or beneficial owner of the notes, the effect of which is to make one or more payments in respect of the notes subject to United States federal income tax, state or local tax, or any other tax, duty, levy, assessment or other governmental charge;

(8) to any tax, duty, levy, assessment or governmental charge imposed under any of Sections 1471 through 1474 of the Code, any applicable United States Treasury Regulations promulgated thereunder, or any judicial or administrative interpretation of any of the foregoing; or

(9) to any combination of items (1), (2), (3), (4), (5), (6), (7), or (8) above.

The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the notes. Except as specifically provided under this heading "Payment of Additional Amounts," we will not be required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

If we are required to pay additional amounts with respect to the notes, we will notify the trustee and paying agent pursuant to an officers' certificate that specifies the additional amounts payable and when the additional amounts are payable. If the trustee and the paying agent do not receive such an officers' certificate from us, the trustee and paying agent may rely on the absence of such an officers' certificate in assuming that no such additional amounts are payable.

As used under this heading "Payment of Additional Amounts" and under the heading "Redemption for Tax Reasons," the term "United States" means the United States of America, the states of the United States, and the District of Columbia, and the term "United States person" means any individual who is a citizen or resident of the United States for United States federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

With respect to the 1.125% 2022 notes, 1.875% 2026 notes, 2023 notes, 2027 notes, 2035 notes and 2036 notes, we have undertaken that, to the extent permitted by law, we will maintain a paying agent that will not require withholding or deduction of tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such European Council Directive.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority in the United States), or any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of the applicable prospectus supplement, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described under the heading "Payment of Additional Amounts" with respect to the notes, then we may at any time at our option redeem, in whole, but not in part, any series of notes on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest on the notes to, but not including, the date fixed for redemption.

Further Issues

We may from time to time, without notice to or the consent of the holders of the notes, create and issue further notes ranking equally with and having the same terms and conditions as the notes in all respects (other than the issue date, the price to the public, the payment of interest accruing prior to the issue date of such further notes and, in some cases, the first payment of interest following the issue date of such further notes). Such further notes may be consolidated and form a single series with the previously issued notes and have the same terms as to status, redemption or otherwise as the notes.

Any further notes that are not fungible for U.S. federal income tax purposes with the originally issued notes will be issued under separate ISIN and CUSIP numbers.

Restrictive Covenants

The lien and sale and leaseback provisions described in the indenture are not applicable to any series of notes.

Consolidation, Merger and Sale

The indenture generally provides that we may consolidate with or merge into any other corporation, or transfer or lease our properties and assets as an entirety or substantially as an entirety to any other corporation, if the corporation formed by or resulting from any such consolidation, into which we are merged or which shall have acquired or leased such properties and assets, shall, pursuant to a supplemental indenture, assume payment of the principal of (and premium, if any) and interest, if any, on the applicable series of notes and the performance and observance of the covenants of the indenture.

If upon (1) any consolidation or merger of us, or of us and any Subsidiary, with or into any other corporation or corporations, or upon the merger of another corporation into us, or (2) successive consolidations or mergers to which we or our successors shall be a party or parties, or (3) upon any sale or conveyance of our property, or the property of us and any Subsidiary, as an entirety or substantially as an entirety, any Principal Property or any shares of stock or Debt of any Restricted Subsidiary would then become subject to any mortgage, we will cause the notes, and at our option any other indebtedness of or guarantees by us or such Restricted Subsidiary ranking equally with the notes, to be secured equally and ratably with (or, at our option, prior to) any Debt secured thereby, unless such Debt could have been incurred without us being required to secure the applicable series of notes equally or ratably with (or prior to) such debt.

Event of Default

"Event of Default," when used in the indenture with respect to any series of notes, means any of the following events:

- default for 30 days in payment of any interest on such series;
- default in payment of any principal of or premium, if any, on such series;
- default in payment of any sinking fund installment for such series;
- default for 90 days after written notice in performance of any other covenant in the indenture (other than a covenant or agreement included in the indenture solely for the benefit of holders of any series of notes other than the applicable series);
- certain events of bankruptcy, insolvency or reorganization; or
- any other Event of Default provided with respect to that series.

The indenture requires us to deliver annually to the trustee an officers' certificate, in which certain of our officers certify whether or not they have knowledge of any default in our performance of the covenants described.

If an Event of Default shall occur and be continuing with respect to any series of notes, the trustee or the holders of not less than 25% in aggregate principal amount of such series of notes then outstanding may declare the principal (or, if such series of notes are Original Issue Discount Securities, such portion of the principal amount as may be specified in the applicable prospectus supplement for such series) of all the notes of such series and the interest accrued thereon to be due and payable. The holders of not less than a majority in aggregate principal amount of the outstanding notes of such series (or, in the case of certain Events of Default pertaining to all outstanding notes, with the consent of holders of a majority in aggregate principal amount of all the notes then outstanding acting as one class) may waive any Event of Default with respect to a particular series of notes, except an Event of Default in the payment of principal of or any premium or interest on any notes of such series or in respect of a covenant or provision of the indenture which, under the terms thereof, cannot be modified or amended without the consent of the holders of each outstanding note of such series. See "Modifications of the Indenture" below.

Subject to the provisions of the indenture relating to the duties of the trustee in case an Event of Default shall occur and be continuing, the trustee is under no obligation to exercise any of the rights or powers under the indenture at the request, order or direction of any of the holders of any series of notes, unless such securityholders shall have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by such exercise. Subject to such provisions for the indemnification of the trustee and certain limitations contained in the indenture, the holders of a majority in aggregate principal amount of all notes of such series at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such series of notes.

For the purposes of determining whether the holders of the requisite principal amount of the applicable series of notes have taken any action as herein described, the principal amount of such series of notes shall be deemed to be that amount of U.S. dollars that could be obtained for such principal amount on the basis of the spot rate of exchange of euros into U.S. dollars (as determined by us or an authorized exchange rate agent and evidenced to the trustee) as of the date the taking of such action by the holders of such requisite principal amount is evidenced to the trustee as provided in the indenture.

Modifications of the Indenture

We and the trustee may modify and amend the indenture with the consent of the holders of not less than a majority in aggregate principal amount then outstanding of any series of notes affected by such modification or amendment. However, we may not, without the consent of the holders of each note of such series so affected:

- extend the fixed maturity of such series of notes;
- reduce the principal amount of such series of notes;
- reduce the rate or extend the time of payment of interest on such series of notes;
- impair or affect the right of any securityholder to institute suit for payment of principal or interest or change the coin or currency in which the principal of or interest on such series of notes is payable; or
- reduce the percentage of aggregate principal amount of such series of notes from whom consent is required to modify the indenture.

We and the trustee may modify and amend the indenture without the consent of any holders of a series of notes to:

- provide for security for the series of notes;
- evidence the assumption of our obligations under the indenture by a successor;
- add covenants that would benefit holders of any notes;
- cure any ambiguity, omission, defect or inconsistency;
- change or eliminate any of the provisions of the indenture so long as such change or elimination becomes effective only when there are no securities created prior to the execution of the supplemental indenture then outstanding which are entitled to the benefit of such provision;
- provide for a successor trustee; or
- make such provisions as may be necessary or advisable in order to comply with the withholding provisions of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

Defeasance of the Indenture and Securities

The indenture provides that we will be deemed to have paid and discharged the entire indebtedness on any series of notes, and our obligations under the indenture with respect to any such series of notes (other than certain specified obligations, such as the obligations to maintain a security register pertaining to transfer of the notes, to maintain a paying agency office, and to replace stolen, lost or destroyed notes) will cease to be in effect, from and after the date that we deposit with the trustee, in trust:

- money in euros, which is the currency in which the notes are denominated;
- U.S. Government Obligations, in the case of obligations issued or guaranteed by the Member States, which through the payment of interest and principal in accordance with their terms will provide money in euros; or
- a combination thereof,

which is sufficient to pay and discharge the principal and premium, if any, and interest, if any, to the date of maturity on or the redemption date of, such series of notes. In the event of any such defeasance, holders of such notes would be able to look only to such trust fund for payment of principal (and premium, if any) and interest, if any, on their notes until maturity.

Such defeasance may be treated as a taxable exchange of the related notes for an issue of obligations of the trust or a direct interest in the money, U.S. Government Obligations or other obligations held in the trust. In that case, holders of such notes may recognize gain or loss as if the trust obligations or the money, U.S. Government Obligations or other obligations deposited, as the case may be, had actually been received by them in exchange for their notes. Such holders thereafter might be required to include in income a different amount than would be includable in the absence of defeasance. We encourage prospective investors to consult with their own tax advisors as to the specific consequences of defeasance.

The defeasance provisions described above are not applicable to the 1.125% 2022 notes, 1.875% 2026 notes, 2023 notes, 2027 notes and 2035 notes but are applicable to all other series of notes. The defeasance provisions described in Section 12.01(a) of the indenture are applicable to the 2036 notes, 2021 notes, 2024 notes, 0.125% 2022 notes, 0.750% 2026 notes, 2031 notes and floating rate notes. With respect to the 2036 notes, 2021 notes, 2024 notes, 0.125% 2022 notes, 0.750% 2026 notes, 2031 notes and floating rate notes, any funds or securities deposited pursuant to the defeasance provisions described

above or Section 12.01(a) of the indenture may be euros or obligations issued or guaranteed by the German government.

Certain Definitions

As used in the indenture, the following definitions apply:

"Principal Property" means our manufacturing plants or facilities or those of a Restricted Subsidiary located within the United States of America (other than its territories and possessions) or Puerto Rico, except any such manufacturing plant or facility which our board of directors by resolution reasonably determines not to be of material importance to the total business conducted by us and our Restricted Subsidiaries.

"Restricted Subsidiary" means any Subsidiary (1) substantially all of the property of which is located, or substantially all of the business of which is carried on, within the United States of America (other than its territories and possessions) or Puerto Rico and (2) which owns or is the lessee of any Principal Property, but does not include any Subsidiary primarily engaged in financing activities, primarily engaged in the leasing of real property to persons other than us and our Subsidiaries, or which is characterized by us as a temporary investment. The terms "Restricted Subsidiary" does not include Coca-Cola Financial Corporation, The Coca-Cola Trading Company LLC, 55th & 5th Avenue Corporation, Bottling Investments Corporation or ACCBC Holding Company, and their respective Subsidiaries.

"Subsidiary" means a corporation more than 50% of the outstanding Voting Stock of which is owned, directly or indirectly, by us or one or more other Subsidiaries, or by us and one or more other Subsidiaries.

"Voting Stock" means stock of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of said corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

Notices

Notices to holders of the notes are sent by mail to the registered holders, or otherwise in accordance with the procedures of the applicable depositary.

Governing Law

New York law governs the indenture and the notes, without regard to its conflicts of law principles that would result in the application of any law other than New York law.

THE COCA-COLA COMPANY DIRECTORS' PLAN

The Coca-Cola Company Directors' Plan (the "Plan"), dated December 13, 2012, effective January 1, 2013, is amended and restated on October 17, 2019, effective January 1, 2020 ("Effective Date"). The Plan sets forth the compensation for non-employee Directors of The Coca-Cola Company (the "Company"), and the deferred compensation provisions of the Plan are designed to provide non-employee Directors with an opportunity to defer certain compensation as a Director.

All compensation awarded to and/or deferred by non-employee Directors of the Company prior to the Effective Date shall be subject to the terms of the Compensation Plan for Non-Employee Directors of The Coca-Cola Company, as amended on December 13, 2007, The Coca-Cola Company Compensation and Deferred Compensation Plan for Non-Employee Directors, as adopted on February 19, 2009 effective January 1, 2009, The Coca-Cola Company Directors' Plan, dated December 13, 2012 and effective January 1, 2013,The Coca-Cola Company Deferred Compensation Plan for Non-Employee Directors as amended and restated effective April 1, 2006, or The Coca-Cola Company Directors' Plan, as amended and restated on February 21, 2019 and effective April 24, 2019, as applicable (the "Prior Plans").

ARTICLE I
DEFINITIONS

The following words and phrases as used herein shall have the meaning specified below, unless a different meaning is plainly required by the context.

"AC Account" shall mean an annual compensation account maintained under the Plan for a Participant in accordance with Article III.

"Beneficiary" shall mean the person, persons or trust designated in writing by the Participant to receive any benefits from the Plan due to the death of the Participant. If no Beneficiary is designated, the Beneficiary shall be the Participant's spouse. If no Beneficiary is designated and the Participant has no current spouse, the Beneficiary shall be the Participant's estate.

"Board" shall mean the Board of Directors of The Coca-Cola Company.

"Calculation Date" shall mean April 1 or, if April 1 is not a trading day, the trading day immediately preceding April 1.

"Cash Payment" shall mean the cash payment described in Section 3.2.

"Change in Control" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14C under the Securities Exchange Act of 1934, as amended ("1934 Act"), as in effect on October 17, 2019, provided that such a change in control shall be deemed to have occurred at such time as (i) any "person" (as that term is used in Sections 13(d) and 14(d)(2) of the 1934 Act), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act as in effect on October 17, 2019 directly or indirectly, of securities representing 20% or more of the combined voting power for election of directors of the then outstanding securities of the Company or any successor of the Company;

(ii) during any period of two (2) consecutive years or less, individuals who at the beginning of such period constituted the Board of the Company cease, for any reason, to constitute at least a majority of the Board, unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (iii) the shareowners of the Company approve any merger or consolidation as a result of which the Stock (as defined below) shall be changed, converted or exchanged (other than a merger with a wholly owned subsidiary of the Company) or any liquidation of the Company or any sale or other disposition of 50% or more of the assets or earning power of the Company and such merger, consolidation, liquidation or sale is completed; or (iv) the shareowners of the Company approve any merger or consolidation to which the Company is a party as a result of which the persons who were shareowners of the Company immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of directors of the surviving corporation following the effective date of such merger or consolidation and such merger or consolidation is completed; provided, however, that no Change in Control shall be deemed to have occurred if, prior to such times as a Change in Control would otherwise be deemed to have occurred, the Board determines otherwise, and provided the Change in Control constitutes a change in control pursuant to Section 409A of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Committee on Directors and Corporate Governance of the Board of Directors of the Company.

"Company" shall mean The Coca-Cola Company.

"Director" shall mean a duly-appointed or elected member of the Board.

"DC Account" shall mean a deferred compensation account maintained under the Plan for a Participant in accordance with Article IV.

"Effective Date" shall mean January 1, 2020.

"Majority-Owned Related Company" shall mean a corporation(s) or other business organization(s) in which the Company owns, directly or indirectly, 50% or more of the voting stock or capital at the relevant time.

"Participant" shall mean a Director who is eligible for the Plan in accordance with Article II and/or a former Director for whom accounts are maintained under the Plan.

"Payment Date" shall mean the date that is the later of (i) January 15 of the year following the year in which service as a Director terminates or (ii) six months following the date on which service as a Director terminates. Where a Participant has elected to receive payment of the balance in the Participant's DC Account in the form of installments in accordance with the terms of the Plan, the first installment payment shall be paid on the Payment Date and all other installment payments shall be paid annually on the anniversary date of the Payment Date.

"Plan" shall mean The Coca-Cola Company Directors' Plan.

"Share Unit" shall mean a hypothetical share of Stock that is credited to a Participant's AC Account or DC Account.

"Stock" shall mean the common stock of the Company.

"Unforeseeable Emergency" shall mean a severe unforeseeable financial hardship as defined in Section 409A of the Code and the regulations thereunder, including a severe financial hardship resulting from (i) an illness or accident of the Participant, the Participant's spouse, the Participant's designated Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)), (ii) the loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control.

"Valuation Date" shall mean the trading date immediately preceding the Payment Date.

ARTICLE II
ELIGIBILITY

1. Limitation to Non-Employee Directors. Only Directors who are not employed by the Company or a Majority-Owned Related Company shall be eligible for the Plan.

2. Date of Eligibility. Directors who are on the Board as of January 1, 2020 shall be eligible to participate. Thereafter, a new Director shall be eligible as of the date he or she is appointed or elected to the Board.

ARTICLE III
COMPENSATION

1. Accounts; Mandatory Annual Transfer. Each Participant shall have an AC Account administered in his or her name. Such AC Account shall be a bookkeeping entry only and no Stock or other assets shall be placed in the Participant's name. On December 31 of each year, all Share Units credited to a Participant's AC Account pursuant to Section 3.3 automatically shall be transferred to that Participant's DC Account.

2. Cash Payment. Unless the Participant has elected to defer all or a portion of the Cash Payment into Share Units in accordance with Article IV of this Plan, (a) the Participant will be paid $90,000 annually for service on the Board (the "Director Payment"), payable in equal quarterly installments, and prorated for partial years of service as set forth in Section 3.4, as applicable; (b) the Chair of the Audit Committee of the Board of Directors shall be paid an additional $30,000 annually for service as the Chair of the Audit Committee; (c) the Chair of the Compensation and Talent Committee of the Board of Directors shall be paid an additional $25,000 annually for service as the Chair of the Compensation; (d) the Chairs of each other committee of the Board of Directors shall be paid an additional $20,000 annually for service as a committee Chair (the Chair payments referred to in (b), (c) and (d) of Section 3.2 are collectively referred to herein as the "Chair Payment" and shall be payable in equal quarterly installments, and prorated for partial years of service as set forth in Section 3.4, as applicable); and (e) the Lead Independent Director of the Board of Directors shall be paid an additional $30,000 annually for service as Lead Independent Director (the "LID Payment", and together with the Director Payment and the Chair Payment, the "Cash Payment"), payable in equal quarterly installments, and prorated for partial years of service as set forth in Section 3.4, as applicable. For the avoidance of doubt, in the event a Participant is a Chair of a

committee and Lead Independent Director, such Participate shall receive the applicable Chair Payment and a LID Payment.

3. Crediting of Share Units. On the Calculation Date, each Participant's AC Account shall be credited with Share Units, provided that any Participant that becomes eligible for the Plan after January 1 in a particular year, shall be credited Share Units in accordance with Section 3.4. The value of such Share Units for 2020 shall be $200,000 and may be adjusted in subsequent years by the Board of Directors (the "Dollar Amount"). The number of Share Units credited to each Participant shall be determined by dividing the Dollar Amount by the average of the high and low price of Stock on the New York Stock Exchange Composite Transactions listing on the Calculation Date.

4. New Directors/Committee Chairs Appointed or Elected During the Year.

(a) With respect to the Director Payment, if a Participant becomes eligible for the Plan after January 1 in a particular year, the Director Payment shall be prorated for the number of regularly-scheduled Board meetings remaining in the year (which shall include the meeting at which the Director was appointed or elected, if such meeting is a regularly-scheduled meeting), as illustrated in the table below. Such Director Payment shall be payable in equal installments in accordance with the payment schedule set forth in Section 3.2.

With respect to the Chair Payment or LID Payment, if a Participant becomes the Chair of a committee of the Board or Lead Independent Director after January 1, the Chair Payment or LID Payment, as applicable, shall be prorated for the number of regularly-scheduled Board meetings remaining in the year (which shall include the meeting at which the Director was appointed Chair or Lead Independent Director, if such meeting is a regularly-scheduled meeting), as illustrated in the table below. For the avoidance of doubt, an outgoing committee Chair or Lead Independent Director shall receive a prorated Chair or LID fee for the number of regularly-scheduled meetings at which the Director served as Chair of such committee or Lead Independent Director.

Meeting at which Director is Appointed or Elected / Appointed Chair/Lead Independent Director	Percentage of applicable Cash Payment to be paid
Meeting #1	100%
Meeting #2	80%
Meeting #3	60%
Meeting #4	40%
Meeting #5	20%

(b) If a Participant becomes eligible for the Plan after January 1 in a particular year, his or her AC Account shall be credited with Share Units equal to the number of Share Units calculated on the Calculation Date for the year pursuant to Section 3.3, prorated for the number of regularly-scheduled Board meetings remaining in the year (which shall include the meeting at which the Director was appointed or elected, if such meeting is a regularly-scheduled meeting). Such Share Units shall be posted to a new Participant's AC Account as of the date such Participant

becomes eligible for the Plan, provided that if such date is prior to the Calculation Date, then the Share Units shall be posted on the Calculation Date.

For purposes of illustration, if there are five regularly-scheduled Board meetings, Share Units shall be prorated using the schedule below:

Meeting at which Director is Elected	Percentage of Share Units credited
Meeting #1	100%
Meeting #2	80%
Meeting #3	60%
Meeting #4	40%
Meeting #5	20%

ARTICLE IV
DC ACCOUNTS; ELIGIBLE COMPENSATION; ELECTIONS TO DEFER

4.1 Establishment of DC Accounts. The Company shall establish a DC Account for each Participant. Such DC Account shall be a bookkeeping entry only and no Stock or other assets shall be placed in the Participant's name. All eligible compensation, as described in Section 4.2, that a Participant elects to defer in accordance with this Article IV shall be credited to that Participant's DC Account in the manner set forth in this Article IV. In addition, on December 31 of each year, all compensation credited to a Participant's AC Account pursuant to Section 3.3 automatically shall be transferred to that Participant's DC Account.

4.2 Eligible Compensation. A Participant may elect to defer all or a specified percentage (from 10% - 100%) of the annual Cash Payment (including the Director Payment, the Chair Payment and/or the LID Payment) receivable by such Director under the Plan. No other compensation or expense reimbursement shall be eligible for voluntary deferral.

4.3 Elections to Defer. Participants must elect to defer eligible Cash Payments under the following provisions. Elections shall be in writing on forms or via electronic format as determined by the Secretary of the Company. The election shall specify the applicable percentage to be deferred.

(a) Annual Cash Payments. If a Participant wishes to defer all or a portion of his or her annual Cash Payment, he or she must elect a percentage to defer, from 10% - 100%, no later than December 31 prior to the beginning of the year for which the Cash Payment is earned. This election is irrevocable for all amounts paid for the calendar year.

(b) New Directors. A new Director appointed or elected to the Board during the calendar year shall not be eligible to defer the Cash Payment that is payable through the end of that first calendar year of service.

(c) Duration of Elections. If an election is made to defer with respect to the annual Cash Payment, the election shall continue in effect until the end of the Participant's service as a Director or until the end of the calendar year during which the Director gives the Company written notice of the discontinuance of the election. Such a notice of discontinuance shall operate prospectively from the first day of the

calendar year following the giving of notice. An election with respect to the Cash Payment becomes irrevocable as of December 31 of the year prior to the year the Cash Payment is earned.

4.4 Elections and Forms of Payment.

(a) Forms of Payment. All payments under the Plan shall be in cash. A Participant may elect to receive payments in a single lump sum or in a series of annual installments (not to exceed five). If a Participant fails to make an election in accordance with this Section 4.4, the balance in the Participant's DC Account upon the Participant's termination of service with the Company shall be paid in the form of a lump sum, unless otherwise provided in this Section 4.4. In the event of death or a Change in Control, all payments shall be made in the form of a lump sum payment.

(b) Payment Distribution Election Under Prior Plans. All elections made under the Prior Plans regarding the form of payment distribution for compensation awarded to a Participant prior to the Effective Date cannot be changed with respect to such compensation. Any elections made under the Prior Plans also shall apply to all compensation awarded under the Plan, unless the Participant makes a new form of payment distribution election in accordance with Section 4.4(c).

(c) Payment Distribution Election Under the Plan. A Participant may make a different election for future compensation under the Plan. An individual who becomes a Director during the calendar year must make an initial election within 30 days of his or her appointment or election to the Board. Once a Participant makes an election under the Plan, it shall apply to all future compensation awarded to the Participant under the Plan unless a new election is made by December 31 of the year prior to the time the compensation is paid.

4.5 Deferral of Cash Payments; Crediting of Share Units. If a Participant has elected to defer the Cash Payment (or any portion thereof) pursuant to Section 4.3, the amount elected shall be added to the Share Units awarded to such Participant pursuant to Section 3.3 on the Calculation Date and credited to the Participant's DC Account. Such amount shall be converted on the Calculation Date to a number of Share Units equal to the number of shares of Stock that theoretically could have been purchased on such date with such amount, using the average share price on the New York Stock Exchange Composite Transactions listing on such date, or if such date is not a trading day, on the next trading day.

ARTICLE V
ADJUSTMENTS TO ACCOUNTS

5.1 Hypothetical Dividends. As of each date on which dividends on the Stock are payable to shareowners of the Company, each Participant's AC Account and DC Account shall be credited with the value of the dividends that would be payable on Share Units in such accounts if they were shares of Stock (not taking into account the record date). These hypothetical dividends shall be converted to Share Units using the average of the high and low price of Stock on the New York Stock Exchange Composite Transactions listing

on the dividend payment date or if such date is not a trading day, on the trading day preceding the dividend payment date.

5.2 Stock Split; Stock Dividend. Each Participant's AC Account and DC Account shall be credited on the date of any stock split or stock dividend, with the number of Share Units necessary for an equitable adjustment.

ARTICLE VI
PAYMENT OF PLAN ACCOUNTS

6.1 Permitted Payment Events. Payment of accounts under the Plan shall not be made except following death, disability, termination of service from the Board, or upon a Change in Control. Payments shall not be accelerated, except as permitted by Section 409A of the Code and the regulations thereunder.

6.2 Payment of Account Balance. Upon a Participant's separation of service as a Director of the Company, all Share Units in the Participant's AC Account that have been earned for such year, as calculated pursuant to Section 6.4, shall be transferred to that Participant's DC Account.

(a) Lump Sum Payment. Except in the case of death, the value of the Participant's DC Account shall be paid on the Payment Date. In the event of a Participant's death, the value of the Participant's DC Account shall be paid to the Participant's Beneficiary as soon as possible, but no later than 60 days following the date of death.

(b) Installment Payments Election. If the Participant has elected to receive payment of the Participant's DC Account balance in the form of annual installments in accordance with Section 4.4, the amount of each such payment shall be computed as provided in this Section 6.2(b). The amount of the first payment shall be a fraction of the balance in the Participant's DC Account as of December 31 of the year preceding such payment, the numerator of which is one and the denominator of which is the total number of installments elected. The amount of each subsequent payment shall be a fraction of the balance in the Participant's DC Account as of December 31 of the year preceding each subsequent payment, the numerator of which is one and the denominator of which is the total number of installments elected minus the number of installments previously paid.

6.3 Valuation of Account Balance. Except in the case of a Director's separation of service from the Company due to death or a Change in Control, the balance in the Participant's DC Account in Share Units shall be valued in an amount equal to the number of Share Units in the Participant's DC Account multiplied by the average of the high and low market prices at which a share of Stock shall have been sold on the Valuation Date, as reported on the New York Stock Exchange Composite Transactions listing. In the event of separation due to death or a Director or a Change in Control, the value of the balance of Share Units in the Participant's DC Account shall be calculated in the same manner as set forth above in this Section 6.3, except that the Valuation Date for such purposes shall be the date of death of the Director or the date of the Change in Control, as the case may be.

6.4 Separation During the Year; Proration of Annual Compensation In the event of a Director's separation of service from the Company during the calendar year, the quarterly Cash Payment shall be retained for any portion of a calendar quarter during which such Participant served as a Director.

In the event of a Director's separation of service from the Company during the calendar year, the Share Units attributable to each such period shall be prorated for the number of regularly-scheduled Board meetings that took place in the year prior to the separation from of service, as illustrated in the table below. Any Share Units that have been credited to the Participant's AC Account due to dividends paid to shareowners of the Company during the Participant's period of service during that year shall be added.

For purposes of illustration, if there are five regularly-scheduled Board meetings, Share Units shall be prorated using the schedule below:

Meetings Prior to Director's Separation	Percentage of Share Units Retained
1 Meeting	20%
2 Meetings	40%
3 Meetings	60%
4 Meetings	80%
5 Meetings	100%

6.5 Unforseeable Emergency. A Participant shall be permitted to elect a distribution from his or her DC Account prior to the date the DC Accounts were to be distributed, subject to the following restrictions:

(a) the election to take a distribution due to an Unforeseeable Emergency shall be made by requesting such a distribution in writing to the Committee, including the amount requested and a description of the need for the distribution;

(b) the Committee shall make a determination, in its sole discretion, that the requested distribution is on account of an Unforseeable Emergency; and

(c) the Unforseeable Emergency cannot be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under this Plan.

The amount determined by the Committee as distributable due to an Unforeseeable Emergency shall be paid within 30 days after the request for the distribution is approved by the Committee.

ARTICLE VII
ADMINISTRATION AND MISCELLANEOUS PROVISIONS

1. Administration of the Plan. The Committee shall oversee the administration of the Plan. The Committee has the exclusive responsibility and complete discretionary authority to control the operation and administration of the Plan, with all powers necessary to enable it to properly carry out such responsibility, including but not limited to the power to

construe the terms of the Plan, to determine status, coverage and eligibility for benefits and to resolve all interpretive, equitable, and other questions, including questions of fact, that shall arise in the operation and administration of the Plan. The Plan shall be interpreted consistently with the provisions of Section 409A of the Code. All actions or determinations of the Committee shall be final, conclusive and binding on all persons.

7.2 Amendment and Termination of the Plan. The Board may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination may retroactively adversely affect any Participant's right to a benefit which has been earned under the Plan before such date.

7.3 Controlling Law. This Plan shall be subject to the laws of the State of Georgia, and the parties agree that all disputes arising from or related to this Plan shall be litigated in the state or federal courts located in Fulton County, Georgia. The parties agree that such courts shall be the exclusive forum for such disputes and hereby submit to the jurisdiction and venue of such courts for the litigation of all such disputes. The parties hereby waive any claims of improper venue or lack of personal or subject matter jurisdiction as to any such disputes.

7.4 Limitation of Responsibility. Neither the establishment of this Plan nor any modification thereof, nor the creation of any AC Account or DC Account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Company, or its subsidiaries, or any officer or employee thereof; and in no event shall the terms of any Director's Board appointment be modified or in any way affected thereby.

7.5 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors. Nothing contained in this Plan, and no actions taken pursuant to the provisions of this Plan shall create or be construed to create a trust or any kind of fiduciary relationship between the Company and any Participant, Beneficiary, or any other person.

7.6 Taxes. Federal, state, FICA/Medicare and all other taxes shall be solely the responsibility of the Participant. The Company will report all payments as required by the Internal Revenue Code or other tax regulations and withhold any applicable taxes where required.

Exhibit 10.35.1

The Coca-Cola Company

Coca-Cola Plaza
Atlanta, Georgia

ADDRESS REPLY TO:

James R. Quincey
Chairman and Chief Executive Officer
The Coca-Cola Company

P.O. Box 1734
Atlanta, GA 303031

404-676-9980
Fax: 404-598-9980

December 13, 2019

Bernhard Goepelt
The Coca-Cola Company
Atlanta, Georgia

Dear Bernhard,

This letter outlines the terms of your separation. All applicable elements of your separation package will be paid under the terms of the relevant policies and plans of The Coca-Cola Company (the “Company”).

1. You will step down from your current position as Senior Vice President, General Counsel & Chief Legal Officer on December 31, 2019.

2. We would like you to continue with the Company to assist with transition through February 29, 2020 (“Separation Date”). The information in this letter assumes that you will continue this transition and will sign the enclosed release by December 31, 2019. Otherwise, your separation date will be December 31, 2019.

3. Upon the Company's request, you will resign as a director of any company in which the Company has the right to appoint one or more directors.

4. If you sign the enclosed release, you will be eligible for a benefit under The Coca-Cola Company Severance Pay Plan equivalent to two years of base salary, based on your current annual salary. This amount will be paid in a lump sum shortly after your Separation Date. This amount is subject to all applicable tax and withholdings.

5. Your base salary will remain at the current rate until your Separation Date. You will not receive future increases.

6. If you remain employed through December 31, 2019, you will receive an annual incentive award for 2019. The actual payment amount is contingent upon actual Company performance and your performance. Any award will be paid on or about March 15, 2020. Your participation and any award made to you shall be determined by the Compensation Committee.

7. If you remain employed through February 29, 2020, you will receive an annual incentive award for 2020, prorated for two months. The actual payment amount is contingent upon actual Company

performance and your performance. Any award will be paid on or about March 15, 2021. Your participation and any award made to you shall be determined by the Compensation Committee.

8. You will be eligible for retiree health and welfare coverage. Enrollment information will be mailed to you shortly after your Separation Date and will provide information about your coverage options and the costs.

9. All performance share unit (PSU) awards which you previously have received will be treated according to the terms of The Coca-Cola Company's applicable restricted stock plans and programs as well as your related PSU Agreements. You will be personally liable for paying any taxes owed upon receipt of any award.

10. All options you currently hold will vest and be exercisable according to the terms of the Company's applicable stock option plans and programs as well as your related Stock Option Grant Agreements.

11. When you exercise your vested stock options, you will be personally liable for paying any taxes owed on such exercises.

1. You will not receive any additional equity grants.

2. Your retirement benefits will consist of those benefits you have accrued under the standard terms and conditions of the plans in which you participate and in which benefits are vested as of your Separation Date.

3. You will continue to be reimbursed up to $10,000 per year in financial planning and related expenses incurred by you annually up through your Separation Date.

4. The Company will provide at its expense outplacement services through a designated services provider.

5. The terms and conditions in this letter are further conditioned upon your signing and adhering to the attached Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality.

Please contact Lisa Chang should you have any additional questions regarding the terms of this letter or the terms of any of the benefit plans.

Sincerely,

/s/ James Quincey

James Quincey
Chairman and CEO

Agreed to and accepted this 19 day of December, 2019.

/s/ Bernhard Goepelt
Bernhard Goepelt

Attachments

cc: Executive Compensation
Executive Services

Exhibit 10.40.4

The Coca-Cola Company

Coca-Cola Plaza
Atlanta, Georgia

ADDRESS REPLY TO:

James R. Quincey
Chairman and Chief Executive Officer
The Coca-Cola Company

P.O. Box 1734
Atlanta, GA 303031

404-676-9980
Fax: 404-598-9980

November 18, 2019

Francisco Crespo
The Coca-Cola Company
Atlanta, Georgia

Dear Francisco,

We thank you very much for all of your contributions to the Coca-Cola system. This letter outlines the terms of your separation. All applicable elements of your separation package will be paid under the terms of the relevant policies and plans of The Coca-Cola Company (the “Company”).

1. You will step down from your current position as Senior Vice President, Chief Growth Officer, on December 31, 2019.
2. You will no longer be on the Executive Committee and will cease to be an Executive Officer effective January 1, 2020 and will not be re-elected as a corporate officer.
3. As we have discussed, we would like you to continue with the Company as Senior Strategic Advisor, through June 30, 2020. In this role, you will continue to work your normal schedule and assist with the transition of your responsibilities and related work as necessary and would separate on June 30, 2020 (“Separation Date”). The information in this letter assumes that you will continue this work and will sign the enclosed release by December 31, 2019. Otherwise, your separation date will be December 31, 2019.
4. Upon the Company's request, you will resign as a director of any company in which the Company has the right to appoint one or more directors.
5. If you sign the enclosed release, you will be eligible for a benefit under The Coca-Cola Company Severance Pay Plan equivalent to two years of base salary, based on your current annual salary. This amount will be paid in a lump sum shortly after your Separation Date. This amount is subject to all applicable tax and withholdings.

6. Your base salary will remain at the current rate until your Separation Date. You will not receive future increases.

7. If you remain employed through December 31, 2019, you will receive an annual incentive award for 2019. The actual payment amount is contingent upon actual Company performance and your performance. Any award will be paid on or about March 15, 2020. Your participation and any award made to you shall be determined by the Compensation Committee.

8. If you remain employed through June 30, 2020, you will receive an annual incentive award for 2020, prorated for six months. The actual payment amount is contingent upon actual Company performance and your performance. Any award will be paid on or about March 15, 2021. Your participation and any award made to you shall be determined by the Compensation Committee.

9. If you remain employed through June 30, 2020, you will be eligible for retiree health and welfare coverage. Enrollment information will be mailed to you shortly after your Separation Date and will provide information about your coverage options and the costs.

10. All performance share unit (PSU) awards which you previously have received will be treated according to the terms of The Coca-Cola Company's applicable restricted stock plans and programs as well as your related PSU Agreements. If you sign the enclosed release by December 31, 2019 and remain employed through June 30, 2020, you will be eligible for special treatment under the equity plan as described in your PSU Agreements. You will be personally liable for paying any taxes owed upon receipt of any award.

11. All options you currently hold will vest and be exercisable according to the terms of the Company's applicable stock option plans and programs as well as your related Stock Option Grant Agreements. If you sign the enclosed release by December 31, 2019 and remain employed through June 30, 2020, you will be eligible for special treatment under the equity plan as described in your Stock Option Grant Agreements.

12. When you exercise your vested stock options, you will be personally liable for paying any taxes owed on such exercises.

1. You will not receive any additional equity grants.

2. Your retirement benefits will consist of those benefits you have accrued under the standard terms and conditions of the plans in which you participate and in which benefits are vested as of your Separation Date.

3. You will continue to be reimbursed up to $10,000 per year in financial planning and related expenses incurred by you annually up through your Separation Date.

4. The Company will provide at its expense outplacement services through a designated services provider.

5. The terms and conditions in this letter are further conditioned upon your signing and adhering to the attached Full and Complete Release and Agreement on Competition, Trade Secrets and Confidentiality by December 31, 2019.

Please contact Lisa Chang should you have any additional questions regarding the terms of this letter or the terms of any of the benefit plans.

Sincerely,

/s/ James Quincey

James Quincey
Chairman and CEO

Agreed to and accepted this 20 day of November, 2019.

/s/ Francisco Crespo
Francisco Crespo

Attachments

cc: Executive Compensation
Executive Services

Coca-Cola Plaza
Atlanta, Georgia

Brian J. Smith

President & COO

ADDRESS REPLY TO:
P.O. Box 1734
Atlanta, GA 303031

404-676-9818
Fax: 404-598-9818
brismith@coca-cola.com

December 11, 2019

Jennifer K. Mann
Atlanta, Georgia

Dear Jennifer,

We are delighted to confirm your promotion as President, Global Ventures, to job grade 21 with an effective date of December 1, 2019. You will continue to report to me. The information contained in this letter provides details of your promotion.

- Your principal place of assignment will be Atlanta, Georgia.
- Your annual base salary for this position will remain USD 575,000.
- You will continue to be eligible to participate in the annual Performance Incentive Plan. Your target annual incentive for this position is 100% of your annual base salary and will be used for your 2019 award. Any payment will depend on both the business performance and your personal contributions. Awards are made at the discretion of the Compensation Committee of the Board of Directors based upon recommendations by Senior Management. As a discretionary program, the performance factors, eligibility criteria, payment frequency, award opportunity levels and other provisions are variable. The plan may be modified from time to time.
- You will continue to be eligible to participate in The Coca-Cola Company's Long-Term Incentive (LTI) program. Awards are made at the discretion of the Compensation Committee of the Board of Directors based upon recommendations by Senior Management. You will be eligible to receive LTI awards within guidelines for the job grade assigned to your position, and based upon your leadership potential to impact the Company's future growth. As a discretionary program, eligibility criteria, award opportunity levels, the award timing, frequency, size and mix of award vehicles are variable.
- You are expected to continue to maintain share ownership pursuant to the Company's share ownership guidelines at a level equal to four times your base salary. Because this represents an increase from your prior target level, you will have an additional two years, or until 2024, to meet your requirement. You will be asked to provide information in December

each year on your progress toward your ownership goal, and that information will be reviewed with the Compensation Committee of the Board of Directors the following February.

- You will continue to be eligible for the Company's Financial Planning Reimbursement Program which provides reimbursement of certain financial planning services, up to $10,000 annually, subject to taxes and withholding.
- You will continue to be eligible for the Emory Executive Health benefit which includes a comprehensive physical exam and one-on-one medical and lifestyle management consultation. Further information regarding this benefit is enclosed.
- You are required to enter into a new Agreement on Confidentiality, Non-Competition, and Non-Solicitation, as well as the Agreement Covering Inventions, Discoveries, Copyrightable Material, Trade Secrets, and Confidential Information, effective immediately.
- This letter is provided as information and does not constitute an employment contract.

Jennifer, I feel certain that you will continue to find challenge, satisfaction and opportunity in this role and as we continue our journey during this important time.

Sincerely,

/s/ Brian John Smith

Brian John Smith

c: Carl Saunders
Executive Compensation
Executive Services

Enclosures: Agreement on Confidentiality, Non-Competition, and Non-Solicitation
Agreement Covering Inventions, Discoveries, Copyrightable Material, Trade Secrets, and Confidential Information

I, **Jennifer K. Mann**, accept this offer:

Signature: /s/ Jennifer K. Mann

Date: January 10, 2020

Exhibit 21.1

Subsidiaries of The Coca-Cola Company
As of December 31, 2019

	Organized Under Laws of:
The Coca-Cola Company	**Delaware**
Subsidiaries:	
Atlantic Industries	Cayman Islands
Barlan, Inc.	Delaware
Beverage Brands S.R.L.	Peru
Beverage Financial Centre Unlimited Company	Ireland
Beverage Services Limited	United Kingdom
C.H.I. Limited	Nigeria
Caribbean Refrescos, Inc.	Delaware
CCHBC Grouping, Inc.	Delaware
Coca-Cola (China) Investment Limited	China
Coca-Cola (Japan) Company, Limited	Japan
Coca-Cola Africa (Pty) Limited	South Africa
Coca-Cola Beverages (Shanghai) Company Limited	China
Coca-Cola Beverages Africa Proprietary Limited	South Africa
Coca-Cola Beverages Asia Holdings SARL	Luxembourg
Coca-Cola Beverages Philippines, Inc.	Philippines
Coca-Cola Beverages Vietnam Ltd.	Vietnam
Coca-Cola Bottlers (Malaysia) Sdn. Bhd.	Malaysia
Coca-Cola de Chile S.A.	Chile
Coca-Cola Financial Corporation	Delaware
Coca-Cola Holdings (Asia) Limited	Hong Kong
Coca-Cola Holdings (Overseas) Limited	Delaware
Coca-Cola Holdings (United Kingdom) Limited	United Kingdom
Coca-Cola Holdings Africa Limited	United Kingdom
Coca-Cola India Private Limited	India
Coca-Cola Indochina Pte Ltd	Singapore
Coca-Cola Industrias Limitada - Brazil	Brazil
Coca-Cola Industrias, Sociedad de Responsabilidad Limitada	Costa Rica
Coca-Cola Korea Company, Limited	Korea, Republic of
Coca-Cola Ltd.	Canada
Coca-Cola Midi S.A.S.	France
Coca-Cola Oasis LLC	Delaware
Coca-Cola Overseas Parent Limited	Delaware
Coca-Cola Refreshments USA, LLC	Delaware
Coca-Cola South Asia (India) Holdings Limited	Hong Kong
Coca-Cola South Asia Holdings, Inc.	Delaware
Coca-Cola South Pacific Pty Limited	Australia
Conco Limited	Cayman Islands
Corporacion Inca Kola Peru S.R.L.	Peru
Costa Limited	United Kingdom
Dulux CBAI 2003 B.V.	Netherlands
Energy Brands Inc.	New York
European Refreshments	Ireland

Subsidiaries of The Coca-Cola Company
As of December 31, 2019

continued from page 1

	Organized Under Laws of:
Fresh Trading Limited	United Kingdom
Hindustan Coca-Cola Beverages Private Limited	India
Hindustan Coca-Cola Holdings Private Limited	India
Hindustan Coca-Cola Overseas Holdings Pte. Limited	Singapore
Middle Eastern Refreshments Holdings Ltd.	United Arab Emirates
Middle Eastern Refreshments Ltd.	United Arab Emirates
Pacific Refreshments Pte. Ltd.	Singapore
Recofarma Industria do Amazonas Ltda.	Brazil
Red Life Reinsurance Limited	Bermuda
Red Re Captive Insurance Company, Inc.	Georgia
Refreshment Product Services, Inc.	Delaware
S.A. Coca-Cola Services N.V.	Belgium
Servicios Integrados de Administracion y Alta Gerencia, S. de R.L. de C.V.	Mexico
The Coca-Cola Export Corporation	Delaware
The Coca-Cola Trading Company LLC	Delaware
The Inmex Corporation	Florida
Varoise de Concentres S.A.S.	France

Pursuant to Item 601(b)(21) of Regulation S–K, we have omitted some subsidiaries that, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2019 under Rule 1–02(w) of Regulation S–X.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements and related prospectuses of The Coca-Cola Company listed below of our reports dated February 24, 2020, with respect to the consolidated financial statements of The Coca-Cola Company and subsidiaries, and the effectiveness of internal control over financial reporting of The Coca-Cola Company and subsidiaries, included in this Annual Report (Form 10-K) for the year ended December 31, 2019:

1. Registration Statement Number 2-88085 on Form S-8
2. Registration Statement Number 333-78763 on Form S-8
3. Registration Statement Number 333-27607 on Form S-8
4. Registration Statement Number 333-35298 on Form S-8
5. Registration Statement Number 333-83290 on Form S-8
6. Registration Statement Number 333-88096 on Form S-8
7. Registration Statement Number 333-150447 on Form S-8
8. Registration Statement Number 333-169724 on Form S-3
9. Registration Statement Number 333-179707 on Form S-8
10. Registration Statement Number 333-186948 on Form S-8
11. Registration Statement Number 333-194215 on Form S-8
12. Registration Statement Number 333-195553 on Form S-8
13. Registration Statement Number 333-221170 on Form S-8
14. Registration Statement Number 333-224573 on Form S-8
15. Registration Statement Number 333-234311 on Form S-3

/s/ Ernst & Young LLP
Atlanta, Georgia
February 24, 2020

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, **JAMES QUINCEY**, Chairman of the Board, Chief Executive Officer and a director of The Coca-Cola Company (the "Company"), hereby appoint JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/James Quincey_____________________
James Quincey
Chairman of the Board, Chief Executive Officer and Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, ***HERBERT A. ALLEN***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Herbert A. Allen____________________
Herbert A. Allen
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, ***RONALD W. ALLEN***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

__/s/Ronald W. Allen___________________
Ronald W. Allen
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, ***MARC BOLLAND***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Marc Bolland________________________
Marc Bolland
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,***ANA BOTÍN***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

__/s/Ana Botín________________________
Ana Botín
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,**CHRISTOPHER C. DAVIS**, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

__/s/Christopher C. Davis_________________
Christopher C. Davis
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, ***BARRY DILLER***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Barry Diller_______________________
Barry Diller
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, ***HELENE D. GAYLE***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Helene D. Gayle_____________________
Helene D. Gayle
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,***ALEXIS M. HERMAN***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Alexis M. Herman____________________
Alexis M. Herman
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, ***ROBERT A. KOTICK***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Robert A. Kotick_____________________
Robert A. Kotick
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,***MARIA ELENA LAGOMASINO***, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Maria Elena Lagomasino_______________
Maria Elena Lagomasino
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, **CAROLINE TSAY**, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

_/s/Caroline Tsay______________________
Caroline Tsay
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,**DAVID B. WEINBERG**, a director of The Coca-Cola Company (the "Company"), hereby appoint JAMES QUINCEY, Chairman of the Board and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

__/s/David B. Weinberg__________________
David B. Weinberg
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,**Larry M. Mark**, Vice President and Controller of The Coca-Cola Company (the "Company"), do hereby appoint JAMES QUINCEY, Chairman of the Board of Directors and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form
10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

/s/Larry M. Mark
Larry M. Mark
Vice President and Controller
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I,**John Murphy**, Executive Vice President and Chief Financial Officer of The Coca-Cola Company (the "Company"), do hereby appoint JAMES QUINCEY, Chairman of the Board of Directors and Chief Executive Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

/s/John Murphy
John Murphy
Executive Vice President and Chief
Financial Officer
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, **Mark Randazza**, Vice President and Assistant Controller of The Coca-Cola Company (the "Company"), do hereby appoint JAMES QUINCEY, Chairman of the Board of Directors and Chief Executive Officer of the Company, JOHN MURPHY, Executive Vice President and Chief Financial Officer of the Company, and JENNIFER MANNING, Corporate Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report on Form 10-K for the year ended December 31, 2019, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 24, day of February 2020.

/s/Mark Randazza
Mark Randazza
Vice President and Assistant Controller
The Coca-Cola Company

EXHIBIT 31.1

CERTIFICATIONS

I, James Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company, certify that:

1. I have reviewed this annual report on Form 10-K of The Coca-Cola Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 24, 2020

/s/ JAMES QUINCEY

James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, John Murphy, Executive Vice President and Chief Financial Officer of The Coca-Cola Company, certify that:

1. I have reviewed this annual report on Form 10-K of The Coca-Cola Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 24, 2020

/s/ John Murphy

John Murphy

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of The Coca-Cola Company (the "Company") on Form 10-K for the period ended December 31, 2019 (the "Report"), I, James Quincey, Chairman of the Board of Directors and Chief Executive Officer
of the Company, and I, John Murphy, Executive Vice President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) to my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMES QUINCEY

James R. Quincey
Chairman of the Board of Directors and Chief Executive Officer
February 24, 2020

/s/ John Murphy

John Murphy

Executive Vice President and Chief Financial Officer

February 24, 2020