ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	**2009**	2008	2007
(In millions except per share data)			
NET OPERATING REVENUES	**$ 30,990**	$ 31,944	$ 28,857
Cost of goods sold	**11,088**	11,374	10,406
GROSS PROFIT	**19,902**	20,570	18,451
Selling, general and administrative expenses	**11,358**	11,774	10,945
Other operating charges	**313**	350	254
OPERATING INCOME	**8,231**	8,446	7,252
Interest income	**249**	333	236
Interest expense	**355**	438	456
Equity income (loss) — net	**781**	(874)	668
Other income (loss) — net	**40**	39	219
INCOME BEFORE INCOME TAXES	**8,946**	7,506	7,919
Income taxes	**2,040**	1,632	1,892
CONSOLIDATED NET INCOME	**6,906**	5,874	6,027
Less: Net income attributable to noncontrolling interests	**82**	67	46
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 6,824**	$ 5,807	$ 5,981
BASIC NET INCOME PER SHARE[1]	**$ 2.95**	$ 2.51	$ 2.59
DILUTED NET INCOME PER SHARE[1]	**$ 2.93**	$ 2.49	$ 2.57
AVERAGE SHARES OUTSTANDING	**2,314**	2,315	2,313
Effect of dilutive securities	**15**	21	18
AVERAGE SHARES OUTSTANDING ASSUMING DILUTION	**2,329**	2,336	2,331

[1] Basic net income per share and diluted net income per share are 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 BALANCE SHEETS

December 31,	2009	2008
(In millions except par value)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,021	$ 4,701
Short-term investments	2,130	—
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	9,151	4,701
Marketable securities	62	278
Trade accounts receivable, less allowances of $55 and $51, respectively	3,758	3,090
Inventories	2,354	2,187
Prepaid expenses and other assets	2,226	1,920
TOTAL CURRENT ASSETS	17,551	12,176
EQUITY METHOD INVESTMENTS	6,217	5,316
OTHER INVESTMENTS, PRINCIPALLY BOTTLING COMPANIES	538	463
OTHER ASSETS	1,976	1,733
PROPERTY, PLANT AND EQUIPMENT — net	9,561	8,326
TRADEMARKS WITH INDEFINITE LIVES	6,183	6,059
GOODWILL	4,224	4,029
OTHER INTANGIBLE ASSETS	2,421	2,417
TOTAL ASSETS	$ 48,671	$ 40,519
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,657	$ 6,205
Loans and notes payable	6,749	6,066
Current maturities of long-term debt	51	465
Accrued income taxes	264	252
TOTAL CURRENT LIABILITIES	13,721	12,988
LONG-TERM DEBT	5,059	2,781
OTHER LIABILITIES	2,965	3,011
DEFERRED INCOME TAXES	1,580	877
THE COCA-COLA COMPANY SHAREOWNERS' EQUITY		
Common stock, $0.25 par value; Authorized — 5,600 shares; Issued — 3,520 and 3,519 shares, respectively	880	880
Capital surplus	8,537	7,966
Reinvested earnings	41,537	38,513
Accumulated other comprehensive income (loss)	(757)	(2,674)
Treasury stock, at cost — 1,217 and 1,207 shares, respectively	(25,398)	(24,213)
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	24,799	20,472
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	547	390
TOTAL EQUITY	25,346	20,862
TOTAL LIABILITIES AND EQUITY	$ 48,671	$ 40,519

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,	**2009**	2008	2007
(In millions)			
OPERATING ACTIVITIES			
Consolidated net income	**$ 6,906**	$ 5,874	$ 6,027
Depreciation and amortization	**1,236**	1,228	1,163
Stock-based compensation expense	**241**	266	313
Deferred income taxes	**353**	(360)	109
Equity income or loss, net of dividends	**(359)**	1,128	(452)
Foreign currency adjustments	**61**	(42)	9
Gains on sales of assets, including bottling interests	**(43)**	(130)	(244)
Other operating charges	**134**	209	166
Other items	**221**	153	99
Net change in operating assets and liabilities	**(564)**	(755)	(40)
Net cash provided by operating activities	**8,186**	7,571	7,150
INVESTING ACTIVITIES			
Acquisitions and investments, principally beverage and bottling companies and trademarks	**(300)**	(759)	(5,653)
Purchases of other investments	**(2,152)**	(240)	(99)
Proceeds from disposals of bottling companies and other investments	**240**	479	448
Purchases of property, plant and equipment	**(1,993)**	(1,968)	(1,648)
Proceeds from disposals of property, plant and equipment	**104**	129	239
Other investing activities	**(48)**	(4)	(6)
Net cash provided by (used in) investing activities	**(4,149)**	(2,363)	(6,719)
FINANCING ACTIVITIES			
Issuances of debt	**14,689**	4,337	9,979
Payments of debt	**(12,326)**	(4,308)	(5,638)
Issuances of stock	**662**	586	1,619
Purchases of stock for treasury	**(1,518)**	(1,079)	(1,838)
Dividends	**(3,800)**	(3,521)	(3,149)
Net cash provided by (used in) financing activities	**(2,293)**	(3,985)	973
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**576**	(615)	249
CASH AND CASH EQUIVALENTS			
Net increase (decrease) during the year	**2,320**	608	1,653
Balance at beginning of year	**4,701**	4,093	2,440
Balance at end of year	**$ 7,021**	$ 4,701	$ 4,093

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31,	**2009**	2008	2007
(In millions except per share data)			
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY			
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	**2,312**	2,318	2,318
Stock issued to employees exercising stock options	**—**	—	8
Purchases of treasury stock	**(26)**	(18)	(35)
Treasury stock issued to employees exercising stock options	**17**	12	23
Treasury stock issued to former shareholders of glacéau	**—**	—	4
Balance at end of year	**2,303**	2,312	2,318
COMMON STOCK			
Balance at beginning of year	**$ 880**	$ 880	$ 878
Stock issued to employees related to stock compensation plans	**—**	—	2
Balance at end of year	**880**	880	880
CAPITAL SURPLUS			
Balance at beginning of year	**7,966**	7,378	5,983
Stock issued to employees related to stock compensation plans	**339**	324	1,001
Tax (charge) benefit from employees' stock option and restricted stock plans	**(6)**	(1)	(28)
Stock-based compensation	**238**	265	309
Stock purchased by former shareholders of glacéau	**—**	—	113
Balance at end of year	**8,537**	7,966	7,378
REINVESTED EARNINGS			
Balance at beginning of year	**38,513**	36,235	33,468
Cumulative effect of the adoption of new accounting guidance for pension and other postretirement plans	**—**	(8)	—
Cumulative effect of the adoption of new accounting guidance for uncertain tax positions	**—**	—	(65)
Net income attributable to shareowners of The Coca-Cola Company	**6,824**	5,807	5,981
Dividends (per share — $1.64, $1.52 and $1.36 in 2009, 2008 and 2007, respectively)	**(3,800)**	(3,521)	(3,149)
Balance at end of year	**41,537**	38,513	36,235
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	**(2,674)**	626	(1,291)
Net foreign currency translation adjustment	**1,824**	(2,285)	1,575
Net gain (loss) on derivatives	**34**	1	(64)
Net change in unrealized gain on available-for-sale securities	**(52)**	(44)	14
Net change in pension liability	**111**	(972)	392
Net other comprehensive income (loss)	**1,917**	(3,300)	1,917
Balance at end of year	**(757)**	(2,674)	626
TREASURY STOCK			
Balance at beginning of year	**(24,213)**	(23,375)	(22,118)
Stock issued to employees related to stock compensation plans	**333**	243	428
Stock purchased by former shareholders of glacéau	**—**	—	66
Purchases of treasury stock	**(1,518)**	(1,081)	(1,751)
Balance at end of year	**(25,398)**	(24,213)	(23,375)
TOTAL EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 24,799**	$ 20,472	$ 21,744
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS			
Balance at beginning of year	**$ 390**	$ 342	$ 333
Net income attributable to noncontrolling interests	**82**	67	46
Net foreign currency translation adjustment	**49**	(25)	1
Dividends paid to noncontrolling interests	**(14)**	(20)	(23)
Contributions by noncontrolling interests	**40**	31	41
Disposal of subsidiaries	**—**	(5)	(56)
TOTAL EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**$ 547**	$ 390	$ 342
COMPREHENSIVE INCOME			
Consolidated net income	**$ 6,906**	$ 5,874	$ 6,027
Consolidated net other comprehensive income (loss)	**1,966**	(3,325)	1,918
CONSOLIDATED COMPREHENSIVE INCOME	**$ 8,872**	$ 2,549	$ 7,945

Refer to Notes to Consolidated Financial Statements.

THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

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.

The Coca-Cola Company is the world's leading owner and marketer of nonalcoholic beverage brands and the world's largest manufacturer, distributor and marketer of concentrates and syrups used to produce nonalcoholic beverages. We own or license and market more than 500 nonalcoholic beverage brands, primarily sparkling beverages but also a variety of still beverages such as waters, enhanced waters, juices and juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. Finished beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries. Along with Coca-Cola, which is recognized as the world's most valuable brand, we own and market four of the world's top five nonalcoholic sparkling beverage brands, including Diet Coke, Fanta and Sprite.

We manufacture beverage concentrates and syrups, which we sell to authorized bottling and canning operations (to which we typically refer as our "bottlers" or our "bottling partners") who use the concentrates and syrups to produce finished beverage products. We also manufacture, or authorize bottling partners to manufacture, fountain syrups, which we sell to fountain retailers such as restaurants and convenience stores, which use the fountain syrups to produce finished beverages for immediate consumption, or to fountain wholesalers or bottlers, which in turn sell and distribute the fountain syrups to fountain retailers. In addition, we manufacture certain finished beverages, such as juices and juice drinks and water products, which we sell to retailers directly or through wholesalers or other distributors, including bottling partners.

While most of our branded beverage products are manufactured, sold and distributed by independently owned and managed bottling partners, from time to time we do acquire or take control of bottling or canning operations, often, but not always, in underperforming markets where we believe we can use our resources and expertise to improve performance. In addition, we have noncontrolling ownership interests in numerous beverage joint ventures, bottling partners and emerging beverage companies. The Company has had a significant increase in the number of consolidated bottling operations over the last several years, primarily due to acquisitions in 2008 and 2007. Refer to Note 17 for additional information related to the Company's acquisition and investment activity. Net operating revenues generated by consolidated bottling operations are included in the Bottling Investments operating segment. Refer to Note 18.

Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. 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.

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 investment 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 variable interest entities ("VIEs") and the intercompany portion of transactions with equity method investees.

Certain amounts in the prior years' consolidated financial statements and notes have been revised to conform to the current year presentation.

Principles of Consolidation

Our Company consolidates all entities that we control by ownership of a majority voting interest as well as VIEs of which our Company is the primary beneficiary. Generally, we consolidate only business enterprises that we control by ownership of a majority voting interest. However, there are situations in which consolidation is required even though the usual condition (ownership of a majority voting interest) of consolidation does not apply. These situations generally occur when one entity has a controlling financial 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.

In accordance with accounting principles generally accepted in the United States as of December 31, 2009, the best evidence of control of a VIE is not necessarily voting interests. The entity that holds a majority of the variable interests in a VIE is deemed to be the primary beneficiary and therefore to control the entity. Upon consolidation, the primary beneficiary is generally required to include assets, liabilities and noncontrolling interests at fair value and subsequently account for the variable interest as if it were consolidated based on a majority voting interest.

Our Company holds interests in certain entities, primarily bottling operations, that are considered VIEs. These variable interests relate to profit guarantees or subordinated financial support for these entities. Our Company's investments, plus any loans and guarantees, related to these VIEs totaled approximately $708 million and $604 million at December 31, 2009, and 2008, respectively, representing our maximum exposures to loss. Creditors of the VIEs do not have recourse against the general credit of the Company as a result of including these VIEs in our consolidated financial statements. The Company's investment, plus any loans and guarantees, related to VIEs was not significant to the Company's consolidated financial statements. In addition, assets and liabilities of VIEs for which we are the primary beneficiary were not significant to the Company's consolidated financial statements. We do not have any significant variable interests in entities for which we were not determined to be the primary beneficiary.

In June 2009, the Financial Accounting Standards Board ("FASB") amended its guidance on accounting for VIEs. The new accounting guidance resulted in a change in our accounting policy effective January 1, 2010. Among other things, the new guidance requires more qualitative than quantitative analyses to determine the primary beneficiary of a VIE, requires continuous assessments of whether an enterprise is the primary beneficiary of a VIE, enhances disclosures about an enterprise's involvement with a VIE, and amends certain guidance for determining whether an entity is a VIE. Under the new guidance, a VIE must be consolidated if the enterprise has both (a) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (b) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Beginning January 1, 2010, we deconsolidated certain entities as a result of this change in accounting policy. These entities are primarily bottling operations and had previously been consolidated due to certain loan guarantees and/or other financial support given by the Company. These financial arrangements, although not significant to our consolidated financial statements, resulted in a disproportionate relationship between our voting interests in these entities and our exposure to the economic risks and potential rewards of the entities. As a result, we determined that we held a majority of the variable interests in these entities and, therefore, were deemed to be the primary beneficiary. The loan guarantees and/or other financial support given by the Company to these entities are included in the calculation of our maximum exposure to loss discussed above. Although these financial arrangements resulted in us holding a majority of the variable interests in these VIEs, the majority of these arrangements did not empower us to direct the activities of the VIEs that most significantly impact the VIEs' economic performance. Consequently, subsequent to the change in accounting policy, the Company deconsolidated the majority of these VIEs. The deconsolidation of these entities will not have a material impact on our consolidated financial statements.

Risks and Uncertainties

Factors that could adversely impact the Company's operations or financial results include, but are not limited to, the following: obesity and other health concerns; water scarcity and poor quality; changes in the nonalcoholic beverages business environment; the recent global credit crisis and continuing unfavorable credit and equity market conditions; increased competition; an inability to expand operations in developing and emerging markets; fluctuations in foreign currency exchange rates; interest rate increases; an inability to maintain good relationships with our bottling partners; a deterioration in our bottling partners' financial condition; increases in income tax rates or changes in income tax laws; increased or new indirect taxes; an inability to renew collective bargaining agreements on satisfactory terms or strikes, work stoppages or labor unrest (including at bottling partners' manufacturing locations); increased cost, disruption of supply or shortage of energy; increased cost, disruption of supply or shortage of ingredients or packaging materials; changes in laws and regulations relating to beverage containers and packaging; additional labeling or warning requirements; unfavorable economic and political conditions in the United States or in other major markets; unfavorable economic and political conditions in international markets; changes in commercial and market practices within the European Economic Area; litigation or legal proceedings; adverse weather conditions; an inability to maintain our brand image and corporate reputation; changes in the legal and regulatory environment in the countries in which we operate; changes in accounting standards; an inability to achieve our overall long-term goals; an inability to protect our information systems; future impairment charges, including potential charges attributable to changes in market participant assumptions; an inability to successfully manage our Company-owned or controlled bottling operations; climate change; and global or regional catastrophic events.

Our Company monitors our operations with a view to minimizing the impact to our overall business that could arise as a result of the risks and uncertainties inherent in our business.

Revenue Recognition

Our Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of products has occurred, the sales price charged is fixed or determinable, and collectibility is reasonably assured. For our Company, this generally means that we recognize revenue when title to our products is transferred to our bottling partners, resellers or other customers. In particular, title usually transfers upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of the transactions. Our sales terms do not allow for a right of return except for matters related to any manufacturing defects on our part.

Deductions from Revenue

Our customers can earn certain incentives including, but not limited to, cash discounts, funds for promotional and marketing activities, volume-based incentive programs and support for infrastructure programs. The costs associated with these incentives are included in deductions from revenue, a component of net operating revenues in the consolidated statements of income. For customer incentives that must be earned, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts earned and to be recorded in deductions from revenue. In making these estimates, management considers past results. The actual amounts ultimately paid may be different from our estimates.

In some situations, the Company may determine it to be advantageous to make advance payments to specific customers to fund certain marketing activities intended to generate profitable volume and/or invest in infrastructure programs with our bottlers that are directed at strengthening our bottling system and increasing unit case volume. The Company also makes advance payments to certain customers for distribution rights. The advance payments made to customers are initially capitalized and included in our consolidated balance sheets in prepaid expenses and other assets and noncurrent other assets, depending on the duration of the agreements. The assets are amortized over the applicable periods and included in deductions from revenue. The duration of these agreements typically ranges from 5 to 10 years.

Amortization expense for infrastructure programs was approximately $150 million, $162 million and $151 million for the years ended December 31, 2009, 2008 and 2007, respectively. Refer to Note 3. The aggregate deductions from revenue recorded by the Company in relation to these programs, including amortization expense on infrastructure programs, were approximately $4.5 billion, $4.4 billion and $4.1 billion for the years ended December 31, 2009, 2008 and 2007, respectively.

Advertising Costs

Our Company expenses production costs of print, radio, television and other advertisements as of the first date the advertisements take place. Advertising costs included in selling, general and administrative expenses were approximately $2.8 billion, $3.0 billion and $2.8 billion for the years ended December 31, 2009, 2008 and 2007, respectively. As of December 31, 2009 and 2008, advertising and production costs of approximately $288 million and $195 million, respectively, were primarily recorded in prepaid expenses and other assets in our consolidated balance sheets.

Net Income Per Share

Basic net income per share is computed by dividing net income 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 103 million, 59 million and 71 million stock option awards were excluded from the computations of diluted net income per share in 2009, 2008 and 2007, respectively, because the awards would have been antidilutive for the periods presented.

Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our credit risk concentrations.

Short-Term Investments

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

Investments in Equity and Debt Securities

We use the equity method to account for our investments in equity securities, if our investment gives us the ability to exercise significant influence over operating and financial policies of the investee. We include our proportionate share of earnings and/or losses of our equity method investees in equity income (loss) — net in the consolidated statements of income. The carrying value of our equity investments is reported in equity method investments in our consolidated balance sheets. Refer to Note 3.

We account for investments in companies that we do not control or account for under the equity method either at fair value or under the cost method, as applicable. Investments in equity securities are carried at fair value if the fair value of the security is readily determinable. Equity investments carried at fair value are classified as either trading or available-for-sale securities with their cost basis determined by the specific identification method. Realized and unrealized gains and losses on trading securities and realized gains and losses on available-for-sale securities are included in other income (loss) — net in the consolidated statements of income. Unrealized gains and losses, net of deferred taxes, on available-for-sale securities are included in our consolidated balance sheets as a component of accumulated other comprehensive income (loss) ("AOCI"). Trading securities are reported as marketable securities in our consolidated balance sheets. Securities classified as available-for-sale are reported as either marketable securities or other investments in our consolidated balance sheets, depending on the length of time we intend to hold the investment. Refer to Note 2.

Investments in equity securities that we do not control or account for under the equity method and do not have readily determinable fair values are accounted for under the cost method. Cost method investments are originally recorded at cost, and we record dividend income when applicable dividends are declared. Cost method investments are reported as other investments in our consolidated balance sheets, and dividend income from cost method investments is reported in other income (loss) — net.

Our investments in debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale.

Each reporting period, we review all of our investments in equity and debt securities, except for those classified as trading, to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. When such events or changes occur, we evaluate the fair value compared to our cost basis in the investment. We also perform this evaluation every reporting period for each investment for which our cost basis exceeded the fair value in the prior period. The fair values of most of our investments in publicly traded companies are often readily available based on quoted market prices. For investments in nonpublicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds and appraisals, as appropriate. We consider the assumptions that we believe hypothetical marketplace participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies.

In the event the fair value of an investment declines below our cost basis, management determines if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than our cost basis, the financial condition and near-term prospects of the issuer, and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Trade Accounts Receivable

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

Activity in the allowance for doubtful accounts was as follows (in millions):

Year Ended December 31,	**2009**	2008	2007
Balance, beginning of year	**$ 51**	$ 56	$ 63
Net charges to costs and expenses	**24**	17	17
Write-offs	**(22)**	(28)	(32)
Other[1]	**2**	6	8
Balance, end of year	**$ 55**	$ 51	$ 56

[1] Other includes acquisitions, divestitures and currency translation.

A significant portion of our net operating revenues and corresponding accounts receivable is derived from sales of our products in international markets. Refer to Note 18. We also generate a significant portion of our net operating revenues by selling concentrates and syrups to bottlers in which we have a noncontrolling interest, including Coca-Cola Enterprises Inc. ("CCE"), Coca-Cola Hellenic Bottling Company S.A. ("Coca-Cola Hellenic"), Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA") and Coca-Cola Amatil Limited ("Coca-Cola Amatil"). Refer to Note 3.

Inventories

Inventories consist primarily of raw materials and packaging (which includes ingredients and supplies) and finished goods (which include concentrates and syrups in our concentrate and foodservice operations, and finished beverages in our bottling and canning operations). Inventories are valued at the lower of cost or market. 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,	**2009**	2008
Raw materials and packaging	**$ 1,366**	$ 1,191
Finished goods	**697**	706
Other	**291**	290
Total inventories	**$ 2,354**	$ 2,187

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 the consolidated balance sheets in the line items prepaid expenses and other assets or accounts payable and accrued expenses, as applicable. Refer to Note 4.

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 generally have the following ranges: buildings and improvements: 40 years or less; machinery and equipment: 15 years or less; and containers: 10 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 expense, including the depreciation expense of assets under capital lease, totaled approximately $1,005 million, $993 million and $958 million for the years ended December 31, 2009, 2008 and 2007, respectively. Amortization expense for leasehold improvements totaled approximately $18 million, $19 million and $21 million for the years ended December 31, 2009, 2008 and 2007, respectively.

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

December 31,	**2009**	2008
Land	**$ 699**	$ 657
Buildings and improvements	**3,816**	3,408
Machinery and equipment	**10,355**	8,936
Containers	**835**	698
Construction in progress	**762**	701
	16,467	14,400
Less accumulated depreciation	**6,906**	6,074
Property, plant and equipment — net	**$ 9,561**	$ 8,326

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

Goodwill, Trademarks and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging from 1 to 20 years. Refer to Note 5.

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

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment reviews as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess.

We perform impairment tests of goodwill at our reporting unit level, which is one level below our operating segments. Our operating segments are primarily based on geographic responsibility, which is consistent with the way management runs our business. Our operating segments are subdivided into smaller geographic regions or territories that we sometimes refer to as business units. These business units are also our reporting units. The Bottling Investments operating segment includes all Company-owned or consolidated bottling operations, regardless of geographic location. Generally, each Company-owned or consolidated bottling operation within our Bottling Investments operating segment is its own reporting unit. Goodwill is assigned to the reporting unit or units that benefit from the synergies arising from each business combination. We have had no changes to our reporting units in 2009.

The goodwill impairment test consists of a two-step process, if necessary. The first step is to compare the fair value of a reporting unit to its carrying value, including 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 hypothetical marketplace participants would use. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment test must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill.

Impairment charges related to intangible assets 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 the consolidated statements of income.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Refer to Note 8.

Stock-Based Compensation

Our Company currently sponsors stock option plans and restricted stock award plans. The fair values of the stock awards are determined using an estimated expected life. The Company recognizes compensation expense on a straight-line basis over the period the award is earned by the employee. Refer to Note 9.

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. Refer to Note 10.

Income Taxes

Income tax expense includes United States, state, local and international income taxes, plus a provision for U.S. taxes on undistributed earnings of foreign subsidiaries not deemed to be indefinitely reinvested. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

In July 2006, the FASB issued accounting guidance that clarified the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Our Company adopted the provisions of this accounting guidance and changed our accounting policy effective January 1, 2007. As a result, we recorded an approximate $65 million increase in accrued income taxes in our consolidated balance sheet for unrecognized tax benefits, which was accounted for as a cumulative effect adjustment to the January 1, 2007, balance of reinvested earnings. Refer to Note 11.

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 12. Income statement accounts are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is recognized in the line item other income (loss) — net in our consolidated statements of income and is partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheets. Refer to Note 4.

The government in Venezuela has enacted certain monetary policies that restrict the ability of companies to pay dividends from retained earnings. As of December 31, 2009, cash held by our Venezuelan subsidiary accounted for approximately 2 percent of our consolidated cash and cash equivalents balance. We translated the financial statements of our Venezuelan subsidiary at the official exchange rate that was in effect as of December 31, 2009; however, subsequent to December 31, 2009, the Venezuelan government announced a currency devaluation, and Venezuela was determined to be a hyperinflationary economy. In accordance with accounting principles generally accepted in the United States, companies are not permitted to adjust their financial statements for foreign currency exchange rate changes that occur after the balance sheet date.

Since Venezuela is a hyperinflationary economy, our local subsidiary will be required to use the U.S. dollar as its functional currency. As a result, in 2010 we will be required to remeasure the financial statements of our local subsidiary into U.S. dollars and recognize the related gains or losses from remeasurement in the line item other income (loss) — net in our consolidated statements of income. Based on the carrying value of our assets and liabilities denominated in Venezuelan bolivar as of December 31, 2009, we anticipate recognizing an initial remeasurement loss of approximately $100 million in the first quarter of 2010.

Recently Issued Accounting Guidance

As previously discussed, in June 2009, the FASB amended its guidance on accounting for VIEs. Please refer to the heading "Principles of Consolidation," above.

In December 2007, the FASB amended its guidance on accounting for business combinations. The new accounting guidance resulted in a change in our accounting policy effective January 1, 2009, and is being applied prospectively to all business combinations subsequent to the effective date. Among other things, the new guidance amends the principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. It also establishes new disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. The adoption of this new accounting policy did not have a significant impact on our consolidated financial statements, and the impact it will have on our consolidated financial statements in future periods will depend on the nature and size of business combinations completed subsequent to the date of adoption.

In December 2007, the FASB issued new accounting and disclosure guidance related to noncontrolling interests in subsidiaries (previously referred to as "minority interests"), which resulted in a change in our accounting policy effective January 1, 2009. Among other things, the new guidance requires that a noncontrolling interest in a subsidiary be accounted for as a component of equity separate from the parent's equity, rather than as a liability. The new guidance is being applied prospectively, except for the presentation and disclosure requirements, which have been applied retrospectively. The adoption of this new accounting policy did not have a significant impact on our consolidated financial statements.

In December 2007, the FASB issued new accounting guidance that defines collaborative arrangements and establishes reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. It also establishes the appropriate income statement presentation and classification for joint operating activities and payments between participants, as well as the sufficiency of the disclosures related to those arrangements. This new accounting guidance was effective for our Company on January 1, 2009, and its adoption did not have a significant impact on our consolidated financial statements.

In February 2007, the FASB issued new accounting guidance that permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. This new accounting guidance was effective for our Company on January 1, 2008. The Company did not elect the fair value option for any financial instruments or other items permitted under this guidance; therefore, its adoption had no impact on our consolidated financial statements.

In September 2006, the FASB issued new accounting guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements about fair value measurements. However, in February 2008, the FASB delayed the effective date of the new accounting guidance for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until January 1, 2009. The accounting guidance related to recurring fair value measurements was effective for our Company on January 1, 2008. The adoption of this accounting guidance did not have a significant impact on our consolidated financial statements. Refer to Note 13.

NOTE 2: INVESTMENTS

Trading Securities

As of December 31, 2009 and 2008, our trading securities had a fair value of approximately $61 million and $49 million, respectively, and were included in the line item marketable securities in our consolidated balance sheets. The Company had net unrealized losses on trading securities of approximately $16 million, $32 million and $1 million as of December 31, 2009, 2008 and 2007, respectively.

Available-for-Sale and Held-to-Maturity Securities

As of December 31, 2009 and 2008, available-for-sale and held-to-maturity securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2009				
Available-for-sale securities:[1]				
Equity securities	**$ 231**	**$ 176**	**$ (18)**	**$ 389**
Other securities	**12**	**—**	**(3)**	**9**
	$ 243	**$ 176**	**$ (21)**	**$ 398**
Held-to-maturity securities:				
Bank and corporate debt	**$ 199**	**$ —**	**$ —**	**$ 199**
2008				
Available-for-sale securities:[1]				
Equity securities	$ 329	$ 193	$ (7)	$ 515
Other securities	12	—	(5)	7
	$ 341	$ 193	$ (12)	$ 522
Held-to-maturity securities:				
Bank and corporate debt	$ 74	$ —	$ —	$ 74

[1] Refer to Note 13 for additional information related to the estimated fair value.

The Company divested certain available-for-sale securities during the year ended December 31, 2009. These divestitures were the result of both sales and a charitable donation. The sales of available-for-sale securities resulted in cash proceeds of $157 million, gross realized gains of $44 million and gross realized losses of $2 million. In addition to the sale of available-for-sale securities, the Company donated certain available-for-sale securities to The Coca-Cola Foundation. The donated investments had a cost basis of $7 million and a fair value of $106 million at the date of donation. The net impact of this donation was an expense equal to our cost basis in the securities, which was recorded in other income (loss) — net.

The Company did not sell any available-for-sale securities during 2008 and 2007. For the year ended December 31, 2008, the Company realized losses of approximately $81 million due to other-than-temporary impairments of certain available-for-sale securities. Refer to Note 14.

The Company's available-for-sale and held-to-maturity securities were included in the following captions in our consolidated balance sheets (in millions):

	December 31, 2009		December 31, 2008	
	Available-for-Sale Securities	**Held-to-Maturity Securities**	Available-for-Sale Securities	Held-to-Maturity Securities
Cash and cash equivalents	**$ —**	**$ 198**	$ —	$ 73
Marketable securities	**—**	**1**	228	1
Other investments, principally bottling companies	**389**	**—**	287	—
Other assets	**9**	**—**	7	—
	$ 398	**$ 199**	$ 522	$ 74

The contractual maturities of these investments as of December 31, 2009, were as follows (in millions):

	Available-for-Sale Securities		Held-to-Maturity Securities	
	Cost	Fair Value	Amortized Cost	Fair Value
Within 1 year	$ —	$ —	$ 199	$ 199
After 1 year through 5 years	—	—	—	—
After 5 years through 10 years	2	1	—	—
After 10 years	10	8	—	—
Equity securities	231	389	—	—
	$ 243	$ 398	$ 199	$ 199

Cost Method Investments

We periodically review all of our cost method investments to determine if impairment indicators are present; however, we are not required to determine the fair value of these investments unless impairment indicators exist. When impairment indicators exist, we generally use discounted cash flow analyses to determine the fair value. We estimate that the fair values of our cost method investments approximated or exceeded their carrying values as of December 31, 2009 and 2008. Our cost method investments had a carrying value of approximately $149 million and $176 million as of December 31, 2009 and 2008, respectively.

During the year ended December 31, 2009, the Company recorded a charge of approximately $27 million in other income (loss) — net, as a result of an other-than-temporary decline in the fair value of a cost method investment. Refer to Note 13 and Note 14 for additional information related to this impairment.

NOTE 3: EQUITY METHOD INVESTMENTS

Our consolidated net income includes our Company's proportionate share of the net income or loss of our equity method investees. When we record our proportionate share of net income, it increases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. Conversely, when we record our proportionate share of a net loss, it decreases equity income (loss) — net in our consolidated statements of income and our carrying value in that investment. The Company's proportionate share of the net income or loss of our equity method investees includes significant operating and nonoperating items recorded by our equity method investees. These items can have a significant impact on the amount of equity income (loss) — net in our consolidated statements of income and our carrying value in those investments. The summarized financial information presented below includes the impact of significant operating and nonoperating items recorded by our equity method investees. Refer to Note 14 for additional information related to significant operating and nonoperating items recorded by our equity method investees. The carrying values of our equity method investments are also impacted by our proportionate share of items impacting the equity investee's AOCI.

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

Refer to Note 14 and Note 17 for information related to acquisitions and divestitures of equity method investments.

Coca-Cola Enterprises Inc.

CCE is a marketer, producer and distributor of bottle, can and fountain nonalcoholic beverages, operating in eight countries. As of December 31, 2009, our Company owned approximately 34 percent of the outstanding common stock of CCE. We account for our investment by the equity method of accounting and, therefore, our net income includes our proportionate share of CCE's net income or loss. As of December 31, 2009, our proportionate share of the net assets of CCE exceeded our investment by approximately $271 million. This difference is not amortized.

A summary of financial information for CCE is as follows (in millions):

Year Ended December 31,	**2009**	2008	2007
Net operating revenues	**$ 21,645**	$ 21,807	$ 20,936
Cost of goods sold	**13,333**	13,763	12,955
Gross profit	**$ 8,312**	$ 8,044	$ 7,981
Operating income (loss)	**$ 1,527**	$ (6,299)	$ 1,470
Net income (loss)	**$ 731**	$ (4,394)	$ 711

December 31,	**2009**	2008
Current assets	**$ 5,170**	$ 4,583
Noncurrent assets	**11,246**	11,006
Total assets	**$ 16,416**	$ 15,589
Current liabilities	**$ 4,588**	$ 5,074
Noncurrent liabilities	**10,946**	10,524
Total liabilities	**$ 15,534**	$ 15,598
Shareowners' equity (deficit)	**$ 859**	$ (31)
Noncontrolling interest	**$ 23**	$ 22
Total equity (deficit)	**$ 882**	$ (9)
Company equity investment	**$ 25**	$ —

The carrying value of our investment in CCE was reduced to zero as of December 31, 2008, primarily as a result of recording our proportionate share of CCE's net loss and adjustments to AOCI. CCE's net loss in 2008 was primarily due to impairment charges recorded by CCE. Refer to Note 14. CCE's adjustments to AOCI were primarily due to an increase in its pension liability and the impact of foreign exchange fluctuations. In accordance with accounting principles generally accepted in the United States, once the carrying value of an equity investment is reduced to zero, the investor's proportionate share of net losses and items impacting AOCI is required to be recorded as a reduction to advances made from the investor to the investee. As a result, the Company reduced the carrying value of its investment in infrastructure programs with CCE. We continued to amortize our investment in these infrastructure programs based on our original investment; therefore, this adjustment had no impact on the amortization expense related to these infrastructure programs. During 2009, we restored our basis in these infrastructure programs as a result of recording our proportionate share of CCE's net income and adjustments to AOCI. Once our basis in these infrastructure programs was restored, we subsequently began increasing the carrying value of our investment in CCE under the equity method of accounting.

A summary of our significant transactions with CCE is as follows (in millions):

Year Ended December 31,	**2009**	2008	2007
Concentrate, syrup and finished product sales to CCE	**$ 6,032**	$ 6,431	$ 5,948
Syrup and finished product purchases from CCE	**351**	344	410
CCE purchases of sweeteners through our Company	**419**	357	326
Marketing payments made by us directly to CCE	**415**	626	636
Marketing payments made to third parties on behalf of CCE	**174**	131	123
Local media and marketing program reimbursements from CCE	**330**	316	299
Payments made to CCE for dispensing equipment repair services	**87**	84	78
Other payments — net	**66**	75	102

Syrup and finished product purchases from CCE represent purchases of fountain syrup in certain territories that have been resold by our Company to major customers and purchases of bottle and can products. Marketing payments made by us directly to CCE represent support of certain marketing activities and our participation with CCE in cooperative advertising and other marketing activities to promote the sale of Company trademark products within CCE territories. These programs are agreed to on an annual basis. Marketing payments made to third parties on behalf of CCE represent support of certain marketing activities and programs to promote the sale of Company trademark products within CCE's territories in conjunction with certain of CCE's customers. Pursuant to cooperative advertising and trade agreements with CCE, we received funds from CCE for local media and marketing program reimbursements. Payments made to CCE for dispensing equipment repair services represent reimbursement to CCE for its costs of parts and labor for repairs on cooler, dispensing or post-mix equipment owned by us or our customers. The other payments — net line in the table above represents payments made to and received from CCE that are individually not significant.

Our Company and CCE have established a Global Marketing Fund, under which we expect to pay CCE $62 million annually through December 31, 2014, as support for certain marketing activities. The term of the agreement will automatically be extended for successive 10-year periods thereafter unless either party gives written notice of termination of this agreement. The marketing activities to be funded under this agreement will be agreed upon each year as part of the annual joint planning process and will be incorporated into the annual marketing plans of both companies. These amounts are included in the line item marketing payments made by us directly to CCE in the table above.

Our Company previously entered into programs with CCE designed to help develop cold-drink infrastructure. Under these programs, our Company paid CCE for a portion of the cost of developing the infrastructure necessary to support accelerated placements of cold-drink equipment. These payments support a common objective of increased sales of Company Trademark Beverages from increased availability and consumption in the cold-drink channel. In connection with these programs, CCE agreed to:

(1) purchase and place specified numbers of Company-approved cold-drink equipment each year through 2010;

(2) maintain the equipment in service, with certain exceptions, for a period of at least 12 years after placement;

(3) maintain and stock the equipment in accordance with specified standards; and

(4) annual reporting to our Company of minimum average annual unit case volume throughout the economic life of the equipment and other specified information.

CCE must achieve minimum average unit case volume for a 12-year period following the placement of equipment. These minimum average unit case volume levels ensure adequate gross profit from sales of concentrate to fully recover the capitalized costs plus a return on the Company's investment. Should CCE fail to purchase the specified numbers of cold-drink equipment for any calendar year through 2010, the parties agreed to mutually develop a reasonable solution. Should no mutually agreeable solution be developed, or in the event that CCE otherwise breaches any material obligation under the contracts and such breach is not remedied within a stated period, then CCE would be required to repay a portion of the support funding as determined by our Company. In the third quarter of 2004, our Company and CCE agreed to amend the contract to defer the placement of some equipment from 2004 and 2005, as previously agreed under the original contract, to 2009 and 2010. In connection with this amendment, CCE agreed to pay the Company approximately $2 million in 2004, $3 million annually in 2005 through 2008, and $1 million in 2009. In 2005, our Company and CCE agreed to amend the contract for North America to move to a system of purchase and placement credits, whereby CCE earns credit toward its annual purchase and placement requirements based upon the type of equipment it purchases and places. The amended contract also provides that no breach by CCE will occur even if it does not achieve the required number of purchase and placement credits in any given year, so long as (1) the shortfall does not exceed 20 percent of the required purchase and placement credits for that year; (2) a compensating payment is made to our Company by CCE; (3) the shortfall is corrected in the following year; and (4) CCE meets all specified purchase and placement credit requirements by the end of 2010. The payments we made to CCE under these programs are recorded in prepaid expenses and other assets and in noncurrent other assets and amortized as deductions from revenues over the 10-year period following the placement of the equipment. The amortizable carrying values for these infrastructure programs with CCE were approximately $307 million and $388 million as of December 31, 2009 and 2008, respectively. The Company has no further commitments under these programs. During 2009, CCE failed to achieve the minimum average unit case volume requirements on certain previously placed equipment. If such equipment is not generating sufficient unit case volume on a trailing twelve month period in April 2010, we and CCE have agreed to meet and develop a mutually agreeable solution to ensure compliance under these programs.

On January 1, 2008, CCE adopted the measurement provisions of new accounting guidance for pension and other postretirement plans, which require entities to measure the funded status of retirement benefit plans as of their fiscal year end. The adoption of this new accounting guidance required a cumulative adjustment to be made to the beginning balance of retained earnings in the period of adoption. We reduced the beginning balance of our retained earnings and our investment basis in CCE by approximately $8 million for our proportionate share of CCE's adjustment.

If valued at the December 31, 2009, quoted closing price of CCE shares, the fair value of our investment in CCE would have exceeded our carrying value by approximately $3.6 billion.

Other Equity Method Investments

Our other equity method investments include our ownership interests in Coca-Cola Hellenic, Coca-Cola FEMSA and Coca-Cola Amatil. As of December 31, 2009, we owned approximately 23 percent, 32 percent and 30 percent, respectively, of these companies' common shares.

Operating results include our proportionate share of income (loss) from our equity method investments. As of December 31, 2009, our investment in our equity method investees in the aggregate, other than CCE, exceeded our proportionate share of the net assets of these equity method investees by approximately $588 million. This difference is not amortized.

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

Year Ended December 31,	**2009**	2008	2007
Net operating revenues	**$ 34,292**	$ 34,482	$ 28,112
Cost of goods sold	**20,205**	19,974	16,003
Gross profit	**$ 14,087**	$ 14,508	$ 12,109
Operating income	**$ 3,657**	$ 3,687	$ 3,369
Consolidated net income (loss)	**$ 2,269**	$ 1,950	$ 1,923
Less: Net income (loss) attributable to noncontrolling interests	**$ 78**	$ 53	$ 55
Net income (loss) attributable to common shareowners	**$ 2,191**	$ 1,897	$ 1,868

December 31,	**2009**	2008
Current assets	**$ 10,848**	$ 10,922
Noncurrent assets	**25,397**	23,538
Total assets	**$ 36,245**	$ 34,460
Current liabilities	**$ 8,578**	$ 9,726
Noncurrent liabilities	**10,945**	9,940
Total liabilities	**$ 19,523**	$ 19,666
Shareowners' equity	**$ 16,232**	$ 14,457
Noncontrolling interest	**$ 490**	$ 337
Total equity (deficit)	**$ 16,722**	$ 14,794
Company equity investment	**$ 6,192**	$ 5,316

Net sales to equity method investees other than CCE, the majority of which are located outside the United States, were approximately $5.6 billion in 2009, $9.4 billion in 2008 and $8.0 billion in 2007. Total payments, primarily marketing, made to equity method investees other than CCE were approximately $878 million, $659 million and $546 million in 2009, 2008 and 2007, respectively. In addition, purchases of finished products from equity method investees were approximately $152 million, $228 million and $108 million in 2009, 2008 and 2007, respectively.

If valued at the December 31, 2009, quoted closing prices of shares actively traded on stock markets, the value of our equity method investments in publicly traded bottlers other than CCE would have exceeded our carrying value by approximately $5.5 billion.

Net Receivables and Dividends from Equity Method Investees

The total amount of net receivables due from equity method investees, including CCE, was approximately $949 million and $823 million as of December 31, 2009 and 2008, respectively. The total amount of dividends received from equity method investees, including CCE, was approximately $422 million, $254 million and $216 million for the years ended December 31, 2009, 2008 and 2007, respectively. Dividends received in 2009 from equity method investees included the receipt of a $183 million special dividend from Coca-Cola Hellenic, which was incremental to its normal quarterly dividend. We classified the receipt of this cash dividend in cash flows from operating activities due to the fact that our cumulative equity in earnings from Coca-Cola Hellenic exceeded the cumulative distributions received; therefore, the dividend was deemed to be a return on our investment and not a return of our investment.

NOTE 4: 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." 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.

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. 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.

All derivatives are carried at fair value in the consolidated balance sheets in the line items prepaid expenses and other assets or accounts payable and accrued expenses, as applicable. 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. 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 Company does not typically designate derivatives as fair value hedges. The changes in 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 the consolidated income statement in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

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

The Company estimates the fair values of its derivatives based on quoted market prices or pricing models using current market rates. Refer to Note 13. 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 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.

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 in the form of U.S. government securities 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 the consolidated income statement 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 Company did not discontinue any cash flow hedging relationships during the year ended December 31, 2009. The maximum length of time over which the Company hedges its exposure to future cash flows is typically three years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our eventual U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options (principally euros and Japanese yen) and collars to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the 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 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 value of derivatives that have been designated and qualify for the Company's foreign currency cash flow hedging program as of December 31, 2009, was approximately $3,679 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. The 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 under this program as of December 31, 2009, was approximately $26 million.

Our Company monitors our mix of short-term debt and long-term debt. From time to time, we manage our risk to interest rate fluctuations through the use of derivative financial instruments. The Company had no outstanding derivative instruments under this hedging program as of December 31, 2009.

Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts to protect the value of our investments in a number of foreign subsidiaries. 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 gain (loss), a component of AOCI, to offset the changes in the values of the net investments being hedged. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change. The total notional value of derivatives that have been designated and qualify as hedges of net investments in foreign operations as of December 31, 2009, was approximately $250 million.

Economic Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The Company primarily uses 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 values of these economic hedges are immediately recognized into earnings in the line item other income (loss) — net. The total notional value of derivatives related to our economic hedges of this type as of December 31, 2009, was approximately $651 million. The Company's other economic hedges are not significant to the Company's consolidated financial statements.

The following table presents the fair values of the Company's derivative instruments that were designated and qualified as part of a hedging relationship as of December 31, 2009 (in millions):

Derivatives Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2]
Assets		
Foreign currency contracts	Prepaid expenses and other assets	$ 66
Commodity futures	Prepaid expenses and other assets	4
Total assets		$ 70
Liabilities		
Foreign currency contracts	Accounts payable and accrued expenses	$ 22
Commodity futures	Accounts payable and accrued expenses	3
Total liabilities		$ 25

[1] All of the Company's derivative instruments are carried at fair value in the consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties. However, current disclosure requirements mandate that derivatives must be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 13 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 13 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 as of December 31, 2009 (in millions):

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location[1]	Fair Value[1,2]
Assets		
Foreign currency contracts	Prepaid expenses and other assets	$ 110
Commodity futures	Prepaid expenses and other assets	7
Other derivative instruments	Prepaid expenses and other assets	9
Total assets		$ 126
Liabilities		
Foreign currency contracts	Accounts payable and accrued expenses	$ 88
Total liabilities		$ 88

[1] All of the Company's derivative instruments are carried at fair value in the consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties. However, current disclosure requirements mandate that derivatives must be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 13 for the net presentation of the Company's derivative instruments.

[2] Refer to Note 13 for additional information related to the estimated fair value.

The following tables present the pretax impact that changes in the fair values of derivatives designated as hedging instruments had on AOCI and earnings during the year ended December 31, 2009 (in millions):

	Gain (Loss) Recognized in OCI	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Cash Flow Hedges					
Foreign currency contracts	$ (59)	Net operating revenues	$ (62)	Net operating revenues	$ —[1]
Interest rate locks	—	Interest expense	(10)	Interest expense	4
Commodity futures	—	Cost of goods sold	(47)	Cost of goods sold	—
Total	$ (59)		$ (119)		$ 4
Net Investment Hedges					
Foreign currency contracts	$ (33)	Other income (loss) — net	$ —	Other income (loss) — net	$ —
Total	$ (33)		$ —		$ —

[1] Includes a de minimis amount of ineffectiveness in the hedging relationship.

In 2008 and 2007, the Company reclassified from AOCI into income pretax losses of approximately $53 million and $62 million, respectively. In addition, in 2008, we reclassified approximately $17 million of previously unrecognized gains on interest rate locks from AOCI to interest expense, which was partially offset by approximately $9 million of losses related to the portion of cash flow hedges that were deemed to be ineffective. The reclassification was the result of a discontinued cash flow hedging relationship on interest rate locks, as it was no longer probable that we would issue the long-term debt for which these hedges were designated.

As of December 31, 2009, the Company estimates that it will reclassify into earnings during the next 12 months losses of approximately $41 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

The following table presents the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings during the year ended December 31, 2009 (in millions):

	Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income
Foreign currency contracts	Net operating revenues	$ (16)
Foreign currency contracts	Other income (loss) — net	114
Commodity futures	Cost of goods sold	12
Other derivative instruments	Selling, general and administrative expenses	23
Total		$ 133

NOTE 5: GOODWILL, TRADEMARKS AND OTHER INTANGIBLE ASSETS

The following table summarizes information related to indefinite-lived intangible assets (in millions):

December 31,	**2009**	2008
Trademarks[1]	**$ 6,183**	$ 6,059
Goodwill	**4,224**	4,029
Bottlers' franchise rights[2]	**1,953**	1,840
Other	**124**	192
Indefinite-lived intangible assets[3]	**$ 12,484**	$ 12,120

[1] The increase in 2009 was primarily related to the acquisition of trademarks and brands of $54 million and the effect of translation adjustments. None of the acquisitions was individually significant.

[2] The increase in 2009 was primarily related to the effect of translation adjustments.

[3] The Company does not have any significant indefinite-lived intangible assets subject to renewal or extension arrangements.

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

	Eurasia & Africa	Europe	Latin America	North America	Pacific	Bottling Investments	Total
2008							
Balance as of January 1	$ 36	$ 780	$ 207	$ 2,412	$ 30	$ 791	$ 4,256
Goodwill acquired during the year	—	4	56	49	—	—	109
Effect of foreign currency translation	—	(45)	(28)	—	2	(55)	(126)
Adjustments related to the finalization of purchase accounting	—	—	(6)	(305)[1]	79	36	(196)
Impairments	—	—	—	—	—	—	—
Goodwill related to the sale of a business	—	—	—	—	(5)	(9)	(14)
Balance as of December 31	$ 36	$ 739	$ 229	$ 2,156	$ 106	$ 763	$ 4,029
2009							
Balance as of January 1	**$ 36**	**$ 739**	**$ 229**	**$ 2,156**	**$ 106**	**$ 763**	**$ 4,029**
Goodwill acquired during the year	**2**	**6**	**36**	**—**	**—**	**—**	**44**
Effect of foreign currency translation	**5**	**52**	**59**	**—**	**4**	**55**	**175**
Adjustments related to the finalization of purchase accounting	**—**	**—**	**(4)**	**(2)**	**—**	**(14)**	**(20)**
Impairments	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Goodwill related to the sale of a business	**—**	**—**	**—**	**—**	**—**	**(4)**	**(4)**
Balance as of December 31	**$ 43**	**$ 797**	**$ 320**	**$ 2,154**	**$ 110**	**$ 800**	**$ 4,224**

[1] These adjustments were primarily related to the finalization of purchase accounting for glacéau and Fuze Beverage, LLC ("Fuze"), which resulted in a reclassification from goodwill to indefinite-lived trademarks.

The following table summarizes information related to definite-lived intangible assets, which primarily consist of customer relationships and trademarks (in millions):

December 31,	**2009**	2008
Gross carrying amount[1]	**$ 577**	$ 560
Less accumulated amortization	**233**	175
Definite-lived intangible assets — net	**$ 344**	$ 385

[1] The increase in 2009 was primarily related to the effect of translation adjustments.

Total amortization expense for intangible assets subject to amortization was approximately $63 million, $54 million and $33 million for the years ended December 31, 2009, 2008 and 2007, respectively. Based on the carrying value of amortized intangible assets as of December 31, 2009, we estimate our amortization expense for the next five years will be as follows (in millions):

	Amortization Expense
2010	$ 56
2011	52
2012	46
2013	37
2014	33

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

December 31,	**2009**	2008
Accrued marketing	**$ 1,912**	$ 1,694
Other accrued expenses	**1,883**	1,985
Trade accounts payable	**1,410**	1,370
Accrued compensation	**720**	548
Sales, payroll and other taxes	**375**	303
Container deposits	**357**	305
Accounts payable and accrued expenses	**$ 6,657**	$ 6,205

NOTE 7: 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, 2009 and 2008, we had approximately $6,322 million and $5,389 million, respectively, outstanding in commercial paper borrowings. Our weighted-average interest rates for commercial paper outstanding were approximately 0.2 percent and 1.7 percent per year as of December 31, 2009 and 2008, respectively.

In addition, we had approximately $3,082 million in lines of credit and other short-term credit facilities available as of December 31, 2009, of which approximately $427 million was outstanding. The outstanding amount was primarily related to our international operations. Included in the available credit facilities discussed above, the Company had $2,250 million in lines of credit for general corporate purposes, including commercial paper backup. These backup lines of credit expire at various times from 2010 through 2012. There were no borrowings under these backup lines of credit during 2009. 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

On March 6, 2009, the Company replaced a certain amount of commercial paper and short-term debt with longer-term debt. The Company issued long-term notes in the principal amounts of $900 million at a rate of 3.625 percent and $1,350 million at a rate of 4.875 percent due March 15, 2014, and March 15, 2019, respectively.

On November 1, 2007, the Company issued approximately $1,750 million of notes due on November 15, 2017. The proceeds from this debt issuance were used to repay short-term debt, including commercial paper issued to finance acquisitions during 2007. Refer to Note 17.

Long-term debt consisted of the following (in millions):

December 31,	**2009**	2008
$5\frac{3}{4}$% U.S. dollar notes due 2009	**$ —**	$ 399
$5\frac{3}{4}$% U.S. dollar notes due 2011	**500**	499
$3\frac{5}{8}$% U.S. dollar notes due 2014	**897**	—
$5\frac{7}{20}$% U.S. dollar notes due 2017	**1,748**	1,747
$4\frac{7}{8}$% U.S. dollar notes due 2019	**1,339**	—
$7\frac{3}{8}$% U.S. dollar notes due 2093	**116**	116
Other, due through 2018[1]	**510**	485
Total[2,3]	**$ 5,110**	$ 3,246
Less current portion	**51**	465
Long-term debt	**$ 5,059**	$ 2,781

[1] The weighted-average interest rate on outstanding balances was 5.3 percent as of December 31, 2009, and 6.5 percent as of December 31, 2008.

[2] As of December 31, 2009 and 2008, the fair value of our long-term debt, including the current portion, was approximately $5,371 million and $3,402 million, respectively. The fair value of our long-term debt is estimated based on quoted prices for those or similar instruments.

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

As of December 31, 2009 and 2008, all of our long-term debt had fixed interest rates. The weighted-average interest rate on the outstanding balances of our Company's long-term debt was 5.0 percent and 5.7 percent for the years ended December 31, 2009 and 2008, respectively. Total interest paid was approximately $346 million, $460 million and $405 million in 2009, 2008 and 2007, respectively. Refer to Note 4 for a more detailed discussion on interest rate management.

Maturities of long-term debt for the five years succeeding December 31, 2009, are as follows (in millions):

	Maturities of Long-Term Debt
2010	$ 51
2011	573
2012	153
2013	178
2014	912

NOTE 8: COMMITMENTS AND CONTINGENCIES

As of December 31, 2009, we were contingently liable for guarantees of indebtedness owed by third parties in the amount of approximately $245 million. These guarantees primarily are related to third-party customers, bottlers and vendors and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees was individually significant. The amount represents the maximum potential future payments that we could be required to make under the guarantees; however, we do not consider it probable that we will be required to satisfy these guarantees.

On September 3, 2008, we announced our intention to make cash offers to purchase China Huiyuan Juice Group Limited, a Hong Kong listed company which owns the Huiyuan juice business throughout China ("Huiyuan"). The Company had accepted irrevocable undertakings from three shareholders for acceptance of the offers, in aggregate representing approximately 66 percent of the Huiyuan shares. The making of the offers was subject to preconditions relating to Chinese regulatory approvals. On March 18, 2009, the Chinese Ministry of Commerce declined approval for the Company's proposed purchase of Huiyuan. Consequently, the Company was unable to proceed with the proposed cash offers, and the irrevocable undertakings terminated.

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

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 any liability to the Company that may arise as a result of currently pending legal proceedings will not have a material adverse effect on the financial condition of the Company taken as a whole.

During the period from 1970 to 1981, our Company owned Aqua-Chem, Inc., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"). A division of Aqua-Chem manufactured certain boilers that contained gaskets that Aqua-Chem purchased from outside suppliers. Several years after our Company sold this entity, Aqua-Chem received its first lawsuit relating to asbestos, a component of some of the gaskets. In September 2002, Aqua-Chem notified our Company that it believed we were obligated for certain costs and expenses associated with its asbestos litigations. Aqua-Chem demanded that our Company reimburse it for approximately $10 million for out-of-pocket litigation-related expenses. Aqua-Chem also demanded that the Company acknowledge a continuing obligation to Aqua-Chem for any future liabilities and expenses that are excluded from coverage under the applicable insurance or for which there is no insurance. Our Company disputes Aqua-Chem's claims, and we believe we have no obligation to Aqua-Chem for any of its past, present or future liabilities, costs or expenses. Furthermore, we believe we have substantial legal and factual defenses to Aqua-Chem's claims. The parties entered into litigation in Georgia to resolve this dispute, which was stayed by agreement of the parties pending the outcome of litigation filed in Wisconsin by certain insurers of Aqua-Chem. In that case, five plaintiff insurance companies filed a declaratory judgment action against Aqua-Chem, the Company and 16 defendant insurance companies seeking a determination of the parties' rights and liabilities under policies issued by the insurers and reimbursement for amounts paid by plaintiffs in excess of their obligations. During the course of the Wisconsin coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who have or will pay funds into an escrow account 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 Georgia litigation remains subject to the stay agreement.

At the time we acquire or divest our 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 financial condition of the Company taken as a whole.

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

NOTE 9: STOCK COMPENSATION PLANS

Our Company grants stock options and restricted stock awards to certain employees of the Company. Total stock-based compensation expense was approximately $241 million in 2009, $266 million in 2008 and $313 million in 2007 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 for share-based compensation arrangements was approximately $68 million, $72 million and $91 million for 2009, 2008 and 2007, respectively.

As of December 31, 2009, we had approximately $335 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under our plans. This cost is expected to be recognized over a weighted-average period of 1.7 years as stock-based compensation expense. This expected cost does not include the impact of any future stock-based compensation awards.

Stock Option Plans

The fair value of our stock option grants is amortized over the vesting period, generally four years. The fair value of each option award is estimated on the grant date using a Black-Scholes-Merton option-pricing model. The weighted-average fair value of options granted during the past three years and the weighted-average assumptions used in the Black-Scholes-Merton option-pricing model for such grants were as follows:

	2009	2008	2007
Fair value of options at grant date	**$ 6.38**	$ 9.81	$ 8.46
Dividend yield[1]	**3.4%**	2.3%	2.6%
Expected volatility[2]	**20.0%**	18.0%	15.4%
Risk-free interest rate[3]	**2.8%**	3.2%	4.6%
Expected term of the option[4]	**6 years**	6 years	6 years

[1] The dividend yield is the calculated yield on the Company's stock at the time of the grant.

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

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

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

Stock options granted prior to 1999 and in December 2003 and thereafter expire 10 years from the date of grant. Stock options granted from 1999 through July 2003 expire 15 years from the date of grant. The shares of common stock to be issued, transferred and/or sold under the stock option plans are made available from authorized and unissued Company common stock or from the Company's treasury shares. In 2007, the Company began issuing common stock under these plans from the Company's treasury shares. The Company had the following active stock option plans as of December 31, 2009:

The 1999 Stock Option Plan (the "1999 Option Plan") was approved by shareowners in April 1999. Under the 1999 Option Plan, a maximum of 120 million shares of our common stock was approved to be issued or transferred, through the grant of stock options, to certain officers and employees.

The 2002 Stock Option Plan (the "2002 Option Plan") was approved by shareowners in April 2002. An amendment to the 2002 Option Plan which permitted the issuance of stock appreciation rights was approved by shareowners in April 2003. Under the 2002 Option Plan, a maximum of 120 million shares of our common stock was approved to be issued or transferred, through the grant of stock options or stock appreciation rights, to certain officers and employees. No stock appreciation rights have been issued under the 2002 Option Plan as of December 31, 2009.

The 2008 Stock Option Plan (the "2008 Option Plan") was approved by shareowners in April 2008. Under the 2008 Option Plan, a maximum of 140 million shares of our common stock was approved to be issued or transferred to certain officers and employees pursuant to stock options granted under the 2008 Option Plan.

As of December 31, 2009, there were approximately 127 million shares available to be granted under the stock option plans discussed above. Options to purchase common stock under all of these plans have generally been granted at fair market value at the date of grant.

Stock option activity for all stock option plans for the year ended December 31, 2009, was as follows:

	Shares (In millions)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (In millions)
Outstanding on January 1, 2009	176	$ 48.56		
Granted	34	43.24		
Exercised	(15)	44.26		
Forfeited/expired	(6)	50.66		
Outstanding on December 31, 2009	189	$ 47.90	6.78 years	$ 1,753
Expected to vest at December 31, 2009	186	$ 47.92	6.74 years	$ 1,717
Exercisable on December 31, 2009	127	$ 48.10	5.98 years	$ 1,147

The total intrinsic value of the options exercised during the years ended December 31, 2009, 2008 and 2007 was $146 million, $150 million and $284 million, respectively. The total shares exercised during the years ended December 31, 2009, 2008 and 2007 were 15 million, 12 million and 31 million, respectively.

Restricted Stock Award Plans

Under the amended 1989 Restricted Stock Award Plan and the amended 1983 Restricted Stock Award Plan (the "Restricted Stock Award Plans"), 40 million and 24 million shares of restricted common stock, respectively, were originally available to be granted to certain officers and key employees of our Company. As of December 31, 2009, approximately 25 million shares remain available for grant under the Restricted Stock Award Plans, when all outstanding awards including promises to grant restricted stock and performance share units at the target level are included. The Company issues restricted stock to employees as a result of performance share unit awards, time-based awards and performance-based awards.

For awards prior to January 1, 2008, under the 1983 Restricted Stock Award Plan, participants are reimbursed by our Company for income taxes imposed on the award, but not for taxes generated by the reimbursement payment. The Company has not granted awards from the 1983 Restricted Stock Plan since 1993. The 1983 Restricted Stock Plan has been amended to eliminate this tax reimbursement for awards after January 1, 2008. The shares are subject to certain transfer restrictions and may be forfeited if a participant leaves our Company for reasons other than retirement, disability or death, absent a change in control of our Company.

Performance Share Unit Awards

In 2003, the Company established a program to grant performance share units under the 1989 Restricted Stock Award Plan to executives. In 2008, the Company expanded the program to award a mix of stock options and performance share units to eligible employees in addition to executives. The number of shares earned is determined at the end of each performance period, generally three years, based on the actual performance criteria predetermined by the Board of Directors at the time of grant. If the performance criteria are met, the award results in a grant of restricted stock or promises to grant restricted stock, which are then generally subject to a holding period in order for the restricted stock to be released. For performance share units granted before 2008, this holding period is generally two years. For performance share units granted in 2008 and beyond, this holding period is generally one year. Restrictions on such stock generally lapse at the end of the holding period. Performance share units generally do not pay dividends or allow voting rights during the performance period. Participants generally only receive dividends or dividend equivalents once the performance criteria have been certified and the restricted stock or promises to grant restricted stock have been issued. Accordingly, the fair value of these units is the quoted market value of the Company stock on the grant date less the present value of the expected dividends not received during the performance period. In the period it becomes probable that the performance criteria specified in the plan will be achieved, we recognize expense for the proportionate share of the total fair value of the performance share units related to the vesting period that has already lapsed. The remaining cost of the grant is expensed on a straight-line basis over the balance of the vesting period.

Performance share units require achievement of certain financial measures, primarily compound annual growth in earnings per share or economic profit. These financial measures are adjusted for certain items 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. Economic profit is our net operating profit after tax less the cost of the capital used in our business. In the event that the financial result equals the predefined target, the Company will grant the number of restricted shares equal to the Target Award in the underlying performance share unit agreements. In the event the financial result exceeds the predefined target, additional shares up to the Maximum Award may be granted. In the event the financial result falls below the predefined target, a reduced number of shares may be granted. If the financial result falls below the Threshold Award performance level, no shares will be granted. Performance share units are generally settled in stock, except for certain circumstances such as death or disability, where former employees or their beneficiaries are provided a cash equivalent payment. As of December 31, 2009, performance share units of 802,473 and 2,530,338 were granted and outstanding for the 2007-2009 and 2008-2010 performance periods, respectively. Also, outstanding as of December 31, 2009, are 65,800 performance share units granted in 2007 with certain financial measures of a business unit of the Company as the performance criteria. In addition, 72,000 performance share units, with predefined qualitative performance criteria and release criteria that differ from the program described above, were granted in 2004 and were outstanding as of December 31, 2009. The following table summarizes information about performance share units based on the Target Award amounts in the performance share unit agreements:

	Share Units (In thousands)	Weighted-Average Grant-Date Fair Value
Outstanding on January 1, 2009	4,534	$ 48.59
Granted	—	—
Conversions:		
Restricted stock[1,2]	(625)	39.26
Promises to grant[2,3]	(212)	37.32
Paid in cash equivalent	(21)	40.72
Canceled/forfeited	(205)	52.29
Outstanding on December 31, 2009[4]	3,471	$ 50.78

[1] Represents performance share units converted to restricted stock based on the certification of financial results for the 2006-2008 performance period and for certain executives prior to retirement. The vesting of this restricted stock is subject to terms of the performance share unit agreements.

[2] The performance share unit conversions during 2009 are presented at the Target Award. An additional 238,400 restricted shares and 105,700 of promises to grant restricted shares were awarded during 2009 based on the certified financial results of the 2006-2008 performance period.

[3] Represents performance share units converted to promises to grant restricted stock for executives based on the certification of financial results for the 2006-2008 performance period. These awards are similar to restricted stock, including payment of dividend equivalents, but were granted in this manner because the executives were based outside the United States. The vesting of promises to grant restricted stock is subject to terms of the performance share unit agreements.

[4] The outstanding performance share units as of December 31, 2009, at the Threshold Award and Maximum Award levels were 1.8 million and 5.3 million, respectively.

The Company converted performance share units of 20,958 in 2009, 56,642 in 2008 and 23,790 in 2007 to cash equivalent payments of approximately $1.1 million, $3.3 million and $1.2 million, respectively, to former executives who were ineligible for restricted stock grants due to certain events such as death, disability or termination.

The following table summarizes information about the conversions of performance share units to restricted stock and promises to grant restricted stock:

	Share Units (In thousands)	Weighted-Average Grant-Date Fair Value[1]
Nonvested on January 1, 2009	710	$ 38.38
Granted	625	39.26
Promises to grant[2]	212	37.32
Vested and released	(862)	38.08
Canceled/forfeited	(7)	37.81
Nonvested on December 31, 2009[3]	678	$ 39.25

[1] The weighted-average grant-date fair value is based on the fair values of the performance share units grant fair values.

[2] These awards are similar to restricted stock, including the payment of dividend equivalents, but were granted in this manner because the employees were based outside the United States.

[3] The nonvested shares as of December 31, 2009, are presented at the performance share units Target Award. An additional 256,099 restricted shares and promises to grant restricted stock were outstanding and nonvested as of December 31, 2009.

The total intrinsic value of restricted shares that were vested and released during the years ended December 31, 2009, 2008 and 2007 was $65.9 million, $22.9 million and $2.9 million, respectively. The total restricted share units vested and released during the years ended December 31, 2009, 2008 and 2007 were 861,776, 437,871 and 59,515, respectively.

Time-Based and Performance-Based Restricted Stock Awards

In 2001, shareowners approved an amendment to the 1989 Restricted Stock Award Plan to allow for the grant of performance-based awards. These awards are released only upon the achievement of specific measurable performance criteria. These awards pay dividends during the performance period. The majority of awards have specific performance targets for achievement. If the performance targets are not met, the awards will be canceled. In the period it becomes probable that the performance criteria will be achieved, we recognize expense for the proportionate share of the total fair value of the grant related to the vesting period that has already lapsed. The remaining cost of the grant is expensed on a straight-line basis over the balance of the vesting period.

For time-based and performance-based restricted stock awards, participants are entitled to vote and receive dividends on the restricted shares. The Company also awards promises to grant time-based and performance-based restricted stock for which participants receive payments of dividend equivalents but are not entitled to vote. As of December 31, 2009, the Company had nonvested time-based and performance-based restricted stock awards, including promises to grant, of 286,327 and 279,300, respectively. Time-based and performance-based restricted awards are not significant to our consolidated financial statements.

NOTE 10: 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.

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	
	2009	2008	**2009**	2008
Benefit obligation at January 1,[1]	**$ 3,618**	$ 3,517	**$ 430**	$ 438
Service cost	**113**	114	**21**	20
Interest cost	**213**	205	**29**	26
Foreign currency exchange rate changes	**161**	(141)	**3**	(3)
Amendments	**1**	(13)	**(1)**	—
Actuarial loss (gain)	**89**	125	**23**	(20)
Benefits paid[2]	**(206)**	(199)	**(30)**	(27)
Business combinations	**—**	—	**—**	—
Settlements	**(2)**	(3)	**—**	—
Curtailments	**—**	(1)	**(1)**	(6)
Special termination benefits	**9**	11	**4**	—
Other	**—**	3	**5**	2
Benefit obligation at December 31,[1]	**$ 3,996**	$ 3,618	**$ 483**	$ 430
Fair value of plan assets at January 1,	**$ 2,290**	$ 3,428	**$ 175**	$ 246
Actual return on plan assets	**501**	(961)	**20**	(47)
Employer contributions	**269**	96	**1**	—
Foreign currency exchange rate changes	**121**	(118)	**—**	—
Benefits paid	**(149)**	(155)	**(26)**	(25)
Business combinations	**—**	—	**—**	—
Settlements	**—**	(3)	**—**	—
Other	**—**	3	**3**	1
Fair value of plan assets at December 31,	**$ 3,032**	$ 2,290	**$ 173**	$ 175
Net liability recognized	**$ (964)**	$ (1,328)	**$ (310)**	$ (255)

[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 $3,657 million and $3,209 million as of December 31, 2009 and 2008, respectively.

[2] Benefits paid to pension plan participants during 2009 and 2008 included approximately $57 million and $44 million, respectively, in payments related to unfunded pension plans that were paid from Company assets. Benefits paid to participants of other benefit plans during 2009 and 2008 included approximately $4 million and $2 million, respectively, that were paid from Company assets.

Pension and other benefit amounts recognized in our consolidated balance sheets are as follows (in millions):

	Pension Benefits		Other Benefits	
December 31,	**2009**	2008	**2009**	2008
Noncurrent asset	**$ 65**	$ 37	**$ —**	$ —
Current liability	**(42)**	(39)	**(1)**	—
Long-term liability	**(987)**	(1,326)	**(309)**	(255)
Net liability recognized	**$ (964)**	$ (1,328)	**$ (310)**	$ (255)

In December 2008, the Company decided to modify the primary U.S. defined benefit pension plan. Beginning in 2010, the plan will have a two-part formula to determine pension benefits. The first part will retain the current final average pay structure, where service will freeze as of January 1, 2010, with pay escalating for the lesser of 10 years or until termination. The second part of the formula will be a cash balance account which will commence January 1, 2010, under which employees may receive credits based on age, service, pay and interest. The plan was also modified to allow lump sum distributions. These changes, as well as related changes to other U.S. plans, reduced pension obligations as of December 31, 2008, by approximately $21 million. In addition, the U.S. retiree medical plan was amended to close the plan to new hires effective January 1, 2009.

In February and October of 2007, the Company amended its U.S. retiree medical plan to limit the Company's exposure to increases in retiree medical costs associated with current and future retirees. Based on the significance of the change in liability resulting from the amendments, we remeasured the assets and liabilities of the U.S. retiree medical plan effective February 28, 2007, and October 31, 2007. As a result of the remeasurements, the Company reduced its liabilities for the U.S. retiree medical plan by approximately $435 million.

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,	**2009**	2008
Projected benefit obligation	**$ 3,718**	$ 3,416
Fair value of plan assets	**2,687**	2,051

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,	**2009**	2008
Accumulated benefit obligation	**$ 3,139**	$ 2,881
Fair value of plan assets	**2,418**	1,885

Pension Plan Assets

The following table presents total pension assets for our U.S. and non-U.S. plans (in millions):

	U.S. Plans		Non-U.S. Plans	
December 31,	**2009**	2008	**2009**	2008
Cash and cash equivalents	**$ 169**	$ 70	**$ 41**	$ 28
Equity securities:				
U.S.-based companies	**744**	561	**—**	1
International-based companies	**154**	111	**11**	8
Fixed income securities:				
Government bonds	**61**	53	**164**	115
Corporate bonds and debt securities	**339**	266	**16**	7
Mutual, pooled and commingled funds[1]	**256**	175	**736**	544
Hedge funds/limited partnerships	**80**	58	**—**	—
Real estate	**107**	157	**46**	41
Other	**65**	49	**43**	46
Total pension plan assets[2]	**$ 1,975**	$ 1,500	**$ 1,057**	$ 790

[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 and pooled funds from which investors can choose. The selection of the type of fund is dictated by the specific investment objectives and needs of a given plan. These objectives and needs vary greatly between plans.

[2] Fair value disclosures related to our pension assets are included in Note 13. Fair value disclosures include, but are not limited to, the level within the fair value hierarchy on 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 and other postretirement assets.

U.S. Pension Plan Investment Strategy

The Company utilizes the services of investment managers to actively manage the pension assets of our primary U.S. plan. 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 plan. 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 approximately 60 percent equity investments, 30 percent fixed income investments and 10 percent in alternative investments. Furthermore, we believe that our 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;

(3) maintain careful control of the risk level within each asset class; and

(4) focus on a long-term return objective.

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, 2009, no investment manager was responsible for more than 10 percent of total U.S. plan assets.

Our target allocation of 60 percent equity investments is composed of approximately 33 percent domestic large-cap securities, 33 percent domestic small-cap securities, 19 percent international securities and 15 percent domestic mid-cap securities. Optimal returns through our investments in domestic large-cap securities are achieved through security selection and sector diversification. Investments in common stock of our Company accounted for approximately 25 percent of our investments in domestic large-cap securities and 5 percent of total plan assets. Our investments in domestic mid-cap and small-cap securities are expected to experience larger swings in their market value on a periodic basis. We select our investments in these asset classes based on capital appreciation potential. Our investments in international securities are intended to provide equity-like returns, while at the same time helping to diversify our overall equity investment portfolio.

Our target allocation of 30 percent fixed income investments is composed of 50 percent long-duration bonds and 50 percent high-yield bonds. Long-duration bonds provide a stable rate of return through investments in high-quality publicly traded debt securities. We diversify our investments in long-duration bonds to mitigate duration and credit exposure. High-yield bonds are investments in lower-rated and non-rated debt securities, which generally produce higher returns compared to long-duration bonds. Investments in high-yield bonds also help diversify our fixed income portfolio.

In addition to investments in equity securities and fixed income investments, we have a target allocation of 10 percent in alternative investments. These alternative investments include hedge funds, private equity limited partnerships, leveraged buyout funds, international venture capital partnerships and real estate. The objective of investing in hedge funds, private equity limited partnerships, leveraged buyout funds and international venture capital partnerships is to provide a higher rate of return than that available from publicly traded equity securities. This objective is achieved through investing in limited partnerships that require capital for rapidly growing businesses. These investments are inherently illiquid and require a long-term perspective in evaluating investment performance. Investments in real estate have two objectives. First, investments in real estate help diversify our overall portfolio due to the low historical correlation with traditional stocks and fixed income investments. The secondary objective is to provide stable investment returns from income-producing properties.

Non-U.S. Pension Plan Investment Strategy

The majority of our international subsidiaries' pension plan assets are invested in mutual, pooled and commingled funds. As of December 31, 2009, mutual, pooled and commingled funds were composed of approximately 45 percent pooled equity securities, 35 percent pooled fixed income securities and 20 percent mutual and commingled funds. The investment strategies of our international subsidiaries 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 benefits represent funding of the primary U.S. postretirement benefit plan. In late 2006, we established and contributed $216 million to a U.S. Voluntary Employee Beneficiary Association ("VEBA"), a tax-qualified trust. The VEBA assets remain segregated from the primary U.S. pension master trust and are primarily invested in liquid assets due to the level of expected future benefit payments.

The following table presents total assets for our other postretirement benefit plans (in millions):

December 31,	**2009**	2008
Cash and cash equivalents	**$ 86**	$ 108
Equity securities:		
U.S.-based companies	**62**	47
International-based companies	**13**	9
Fixed income securities:		
Government bonds	**1**	1
Corporate bonds and debt securities	**5**	4
Mutual, pooled and commingled funds	**2**	2
Hedge funds/limited partnerships	**1**	1
Real estate	**2**	2
Other	**1**	1
Total other postretirement benefit plan assets[1]	**$ 173**	$ 175

[1] Fair value disclosures related to our other postretirement assets are included in Note 13. Fair value disclosures include, but are not limited to, the level within the fair value hierarchy on 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 and other postretirement assets.

Components of Net Periodic Benefit Cost

Net periodic benefit cost for our pension and other postretirement benefit plans consisted of the following (in millions):

	Pension Benefits			Other Benefits		
Year Ended December 31,	**2009**	2008	2007	**2009**	2008	2007
Service cost	**$ 113**	$ 114	$ 123	**$ 21**	$ 20	$ 40
Interest cost	**213**	205	191	**29**	26	34
Expected return on plan assets	**(214)**	(249)	(231)	**(8)**	(20)	(20)
Amortization of prior service cost (credit)	**5**	10	7	**(61)**	(61)	(42)
Amortization of actuarial loss	**86**	10	18	**—**	—	1
Net periodic benefit cost (credit)	**203**	90	108	**(19)**	(35)	13
Settlement charge	**5**	14	3	**—**	—	—
Curtailment charge (credit)	**1**	—	2	**—**	(6)	—
Special termination benefits[1]	**9**	11	—	**4**	—	—
Total cost (credit) recognized in the statements of income	**$ 218**	$ 115	$ 113	**$ (15)**	$ (41)	$ 13

[1] The special termination benefits primarily relate to several restructuring plans, including the Company's ongoing productivity initiatives. Refer to Note 15 for additional information related to our restructuring plans and productivity initiatives.

The following table sets forth the changes in AOCI for our benefit plans (in millions, pretax):

December 31,	Pension Benefits 2009	Pension Benefits 2008	Other Benefits 2009	Other Benefits 2008
Beginning balance in AOCI	**$ (1,389)**	$ (108)	**$ 189**	$ 297
Recognized prior service cost (credit)	**6**	10	**(61)**	(61)
Recognized net actuarial loss (gain)	**91**	24	**—**	—
Prior service credit (cost) arising in current year	**(1)**	13	**1**	—
Net actuarial (loss) gain arising in current year	**198**	(1,335)	**(11)**	(47)
Translation gain (loss)	**(24)**	7	**—**	—
Ending balance in AOCI	**$ (1,119)**	$ (1,389)	**$ 118**	$ 189

The following table sets forth amounts in AOCI for our benefit plans (in millions, pretax):

December 31,	Pension Benefits 2009	Pension Benefits 2008	Other Benefits 2009	Other Benefits 2008
Prior service credit (cost)	**$ (58)**	$ (56)	**$ 184**	$ 244
Net actuarial loss	**(1,061)**	(1,333)	**(66)**	(55)
Ending balance in AOCI	**$ (1,119)**	$ (1,389)	**$ 118**	$ 189

Amounts in AOCI expected to be recognized as components of net periodic pension cost in 2010 are as follows (in millions, pretax):

	Pension Benefits	Other Benefits
Amortization of prior service cost (credit)	$ 6	$ (61)
Amortization of actuarial loss	58	2
	$ 64	$ (59)

Assumptions

Certain weighted-average assumptions used in computing the benefit obligations are as follows:

December 31,	Pension Benefits 2009	Pension Benefits 2008	Other Benefits 2009	Other Benefits 2008
Discount rate	**5¾%**	6%	**5¾%**	6¼%
Rate of increase in compensation levels	**3¾%**	3¾%	**N/A**	N/A

Certain weighted-average assumptions used in computing net periodic benefit cost are as follows:

December 31,	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Other Benefits 2009	Other Benefits 2008	Other Benefits 2007
Discount rate	**6%**	6%	5½%	**6¼%**	6¼%	6%
Rate of increase in compensation levels	**3¾%**	4¼%	4¼%	**N/A**	N/A	N/A
Expected long-term rate of return on plan assets	**8%**	8%	7¾%	**4¾%**	8½%	8½%

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 2009 net periodic pension cost for the U.S. plans was 8.5 percent. As of December 31, 2009, the 10-year annualized return on plan assets in the primary U.S. plan was 3.1 percent, the 15-year annualized return was 8.5 percent, and the annualized return since inception was 11.0 percent.

The assumed health care cost trend rates are as follows:

December 31,	**2009**	2008
Health care cost trend rate assumed for next year	**7½%**	9%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5¼%**	5¼%
Year that the rate reaches the ultimate trend rate	**2012**	2012

During 2007, the Company amended its U.S. retiree medical plan to limit the Company's exposure to increases in retiree medical costs for both current and future retirees. As a result, the effects of a 1 percentage point change in the assumed health care cost trend rate would not be significant to the Company.

The discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. Rates for each of our U.S. plans at December 31, 2009, 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 our non-U.S. plans, we base the discount rate on comparable indices within each of the non-U.S. countries. The rate of compensation increase assumption is determined by the Company based upon annual reviews. We review external data and our own historical trends for health care costs to determine the health care cost trend rate assumptions.

Cash Flows

Our estimated future benefit payments for funded and unfunded plans are as follows (in millions):

Year Ended December 31,	2010	2011	2012	2013	2014	2015–2019
Pension benefit payments	$ 230	$ 232	$ 242	$ 252	$ 263	$ 1,541
Other benefit payments[1]	33	35	38	39	40	208
Total estimated benefit payments	$ 263	$ 267	$ 280	$ 291	$ 303	$ 1,749

[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 approximately $10 million annually for the period 2010-2014, and $15 million annually for the period 2015-2019.

We anticipate making contributions in 2010 of approximately $73 million, primarily to our non-U.S. pension plans.

Defined Contribution Plans

Our Company sponsors qualified defined contribution plans covering substantially all U.S. employees. Under the primary plan, we match 100 percent of participants' contributions up to a maximum of 3 percent of compensation, subject to certain limitations. Company costs related to the U.S. plans were approximately $27 million, $22 million and $29 million in 2009, 2008 and 2007, respectively. We also sponsor defined contribution plans in certain locations outside the United States. Company costs associated with those plans were approximately $36 million, $20 million and $25 million in 2009, 2008 and 2007, respectively.

NOTE 11: INCOME TAXES

Income before income taxes consisted of the following (in millions):

Year Ended December 31,	2009	2008	2007
United States	**$ 2,691**	$ 519[1]	$ 2,544
International	**6,255**	6,987	5,375
	$ 8,946	$ 7,506	$ 7,919

[1] The decrease in 2008 was primarily attributable to impairment charges recorded by CCE during 2008, of which our Company's proportionate share was approximately $1.6 billion.

Income tax expense (benefit) consisted of the following for the years ended December 31, 2009, 2008 and 2007 (in millions):

	United States	State and Local	International	Total
2009				
Current	**$ 509**	**$ 79**	**$ 1,099**	**$ 1,687**
Deferred	**322**	**18**	**13**	**353**
2008				
Current	$ 690	$ 70	$ 1,232	$ 1,992
Deferred	(320)	(65)	25	(360)
2007				
Current	$ 664	$ 75	$ 1,044	$ 1,783
Deferred	98	(13)	24	109

We made income tax payments of approximately $1,534 million, $1,942 million and $1,596 million in 2009, 2008 and 2007, respectively.

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

Year Ended December 31,	**2009**	2008	2007
Statutory U.S. federal tax rate	**35.0%**	35.0%	35.0%
State and local income taxes — net of federal benefit	**0.7**	0.8	0.6
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	**(11.6)[1]**	(14.5)[6,7,8]	(10.9)[13,14]
Equity income or loss	**(2.3)[2]**	0.2[9]	(1.3)[15,16]
Other operating charges	**0.6[3]**	0.7[10]	0.5[17]
Other — net	**0.4[4,5]**	(0.5)[11,12]	0.0[18]
Effective tax rates	**22.8%**	21.7%	23.9%

[1] Includes approximately $16 million (or 0.2 percent) tax benefit related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions.

[2] Includes approximately 0.1 percent impact to our effective tax rate related to charges recorded by our equity method investments. Refer to Note 14.

[3] Includes approximately 0.6 percent impact to our effective tax rate related to restructuring charges and asset impairments. Refer to Note 14 and Note 15.

[4] Includes approximately (0.2) percent impact to our effective tax rate related to the sale of all or a portion of certain investments. Refer to Note 14.

[5] Includes approximately 0.1 percent impact to our effective tax rate related to an other-than-temporary impairment of a cost method investment. Refer to Note 13 and Note 14.

[6] Includes approximately $17 million (or 0.2 percent) tax charge related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions.

[7] Includes approximately 0.2 percent impact on our effective tax rate related to impairments of assets and investments in our bottling operations. Refer to Note 14.

[8] Includes approximately $10 million (or 0.1 percent) impact on our effective tax rate related to recording valuation allowances offsetting deferred tax assets booked in prior periods.

[9] Includes approximately 2.7 percent impact to our effective tax rate related to charges recorded by our equity method investments. Refer to Note 3 and Note 14.

[10] Includes approximately 0.7 percent impact to our effective tax rate related to restructuring charges, contract termination fees, productivity initiatives and asset impairments. Refer to Note 14 and Note 15.

[11] Includes approximately $22 million (or 0.3 percent) tax benefit related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in certain domestic jurisdictions.

[12] Includes approximately (0.2) percent impact to our effective tax rate related to the sale of all or a portion of our investments in certain bottling operations. Refer to Note 3 and Note 14.

[13] Includes approximately $19 million (or 0.2 percent) tax benefit related to a tax rate change in Germany.

[14] Includes approximately $85 million (or 1.1 percent) tax charge related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in various international jurisdictions.

[15] Includes approximately 0.4 percent impact to our effective tax rate related to charges recorded by our equity method investments. Refer to Note 3 and Note 14.

[16] Includes approximately 0.4 percent impact to our effective tax rate related to the sale of a portion of our investment in Coca-Cola Amatil and the sale of our investment in Vonpar. Refer to Note 3 and Note 14.

[17] Includes approximately 0.5 percent impact to our effective tax rate related to the impairment of assets and investments in our bottling operations and other restructuring charges. Refer to Note 15.

[18] Includes approximately $11 million (or 0.1 percent) tax charge related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties, in certain domestic jurisdictions.

Our effective tax rate reflects the tax benefits from having significant operations outside the United States that are taxed at rates lower than the statutory U.S. rate of 35 percent. During 2009, 2008 and 2007, the Company had several subsidiaries that benefited from various tax incentive grants. The terms of these grants range from 2010 to 2031. The Company expects each of the grants to be renewed indefinitely. The grants did not have a material effect on the results of operations for the years ended December 31, 2009, 2008 or 2007.

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 2005.

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 2001. 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.

As of December 31, 2009, the gross amount of unrecognized tax benefits was approximately $354 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit to the Company's effective tax rate of approximately $134 million, exclusive of any benefits related to interest and penalties. The remaining approximately $220 million, which was recorded as a deferred tax asset, primarily represents tax benefits that would be received in different tax jurisdictions in the event that the Company did not prevail on all uncertain tax positions.

A reconciliation of the changes in the gross balance of unrecognized tax benefit amounts is as follows (in millions):

Year Ended December 31,	**2009**	2008	2007
Beginning balance of unrecognized tax benefits	**$ 369**	$ 643	$ 511
Increases related to prior period tax positions	**49**	52	22
Decreases related to prior period tax positions	**(28)**	(4)	—
Increases due to current period tax positions	**16**	47	51
Decreases related to settlements with taxing authorities	**(27)**	(254)	(4)
Reductions as a result of a lapse of the applicable statute of limitations	**(73)**	(36)	(1)
Increases (decreases) from effects of exchange rates	**48**	(79)	64
Ending balance of unrecognized tax benefits	**$ 354**	$ 369	$ 643

In 2008, agreements were reached between the U.S. government and a foreign government concerning the allocation of income between the two tax jurisdictions. Pursuant to these agreements, we made cash payments during the third quarter of 2008 that constituted payments of tax and interest. These payments were partially offset by tax credits taken in the third quarter and fourth quarter of 2008, and tax refunds and interest on refunds received in 2009. These benefits had been recorded as deferred tax assets in prior periods. As a result of these agreements, these deferred tax assets were reclassified to income tax and interest receivables. These settlements did not have a material impact on the Company's consolidated financial statements.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of December 31, 2009, 2008 and 2007, the Company had approximately $94 million, $110 million and $272 million in interest and penalties related to unrecognized tax benefits accrued, respectively, of which approximately $16 million, $14 million and $82 million of benefit was recognized through income tax expense in the years ended December 31, 2009, 2008 and 2007, 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 twelve 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 settlement 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.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $19 billion as of December 31, 2009. Those earnings are considered to be indefinitely reinvested and, accordingly, no U.S. federal and state income taxes have been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practical because of the complexities associated with its hypothetical calculation; however, unrecognized foreign tax credits would be available to reduce a portion of the U.S. tax liability.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consist of the following (in millions):

December 31,	2009	2008
Deferred tax assets:		
Property, plant and equipment	$ 28	$ 33
Trademarks and other intangible assets	72	79
Equity method investments (including translation adjustment)	396	339
Other liabilities	404	447
Benefit plans	1,106	1,171
Net operating/capital loss carryforwards	629	494
Other	241	532
Gross deferred tax assets	2,876	3,095
Valuation allowances	(681)	(569)
Total deferred tax assets[1,2]	$ 2,195	$ 2,526
Deferred tax liabilities:		
Property, plant and equipment	$ (988)	$ (667)
Trademarks and other intangible assets	(1,776)	(1,974)
Equity method investments (including translation adjustment)	(462)	(267)
Other liabilities	(66)	(101)
Benefit plans	(55)	(17)
Other	(248)	(212)
Total deferred tax liabilities[3]	$ (3,595)	$ (3,238)
Net deferred tax liabilities	$ (1,400)	$ (712)

[1] Noncurrent deferred tax assets of approximately $96 million and $83 million were included in the consolidated balance sheets line item other assets at December 31, 2009 and 2008, respectively.

[2] Current deferred tax assets of approximately $118 million and $119 million were included in the consolidated balance sheets line item prepaid expenses and other assets at December 31, 2009 and 2008, respectively.

[3] Current deferred tax liabilities of approximately $34 million and $37 million were included in the consolidated balance sheets line item accounts payable and accrued expenses at December 31, 2009 and 2008, respectively.

As of December 31, 2009 and 2008, we had approximately $593 million and $454 million, respectively, of net deferred tax liabilities located in countries outside the United States.

As of December 31, 2009, we had approximately $3,255 million of loss carryforwards available to reduce future taxable income. Loss carryforwards of approximately $329 million must be utilized within the next five years and the remainder can be utilized over a period greater than 10 years.

An analysis of our deferred tax asset valuation allowances is as follows (in millions):

Year Ended December 31,	**2009**	2008	2007
Balance, beginning of year	**$ 569**	$ 611	$ 678
Additions	**178**	99	201
Deductions	**(66)**	(141)	(268)
Balance, end of year	**$ 681**	$ 569	$ 611

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. These valuation allowances were primarily related to deferred tax assets generated from net operating losses. Current evidence does not suggest we will realize sufficient taxable income of the appropriate character (e.g., capital gain versus ordinary income) 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 sheets.

In 2009, the Company recognized a net increase of $112 million in its valuation allowances. This increase was primarily related to asset impairments, increases in net operating losses during the normal course of business operations, and the impact of foreign currency exchange. In addition, the Company also recognized a reduction in the valuation allowances due to the reversal of a deferred tax asset and related valuation allowance on certain equity investments.

In 2008, the Company recognized a net decrease of $42 million in its valuation allowances, primarily related to the utilization of capital loss carryforwards used to offset taxable gains on the sale of our investment in Refrigerantes Minas Gerais Ltda. ("Remil"), a bottler in Brazil. In addition, the Company also recognized a decrease in the valuation allowances as a result of asset write-offs, pension adjustments and the impact of foreign currency fluctuations in 2008.

In 2007, the Company recognized a net decrease of $67 million in its valuation allowances. This decrease was primarily related to the reversal of valuation allowances on deferred tax assets recorded on the basis difference in equity investments. The Company also recognized a decrease in certain deferred tax assets and corresponding valuation allowances related to a change in German tax rates.

NOTE 12: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented on our consolidated balance sheets as a component of The Coca-Cola Company's shareowners' equity, which also includes our proportionate share of equity method investees' AOCI. Other comprehensive income (loss) ("OCI") attributable to noncontrolling interests is allocated to, and included in, our balance sheets as part of the line item equity attributable to noncontrolling interests. AOCI attributable to the shareowners of The Coca-Cola Company consisted of the following (in millions):

December 31,	**2009**	2008
Foreign currency translation adjustment	**$ 130**	$ (1,694)
Accumulated derivative net losses	**(78)**	(112)
Unrealized net gain on available-for-sale securities	**65**	117
Adjustment to pension and other benefit liabilities	**(874)**	(985)
Accumulated other comprehensive income (loss)	**$ (757)**	$ (2,674)

OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees' OCI, for the years ended December 31, 2009, 2008 and 2007, is as follows (in millions):

	Before-Tax Amount	Income Tax	After-Tax Amount
2009			
Net foreign currency translation adjustment	**$ 1,968**	**$ (144)**	**$ 1,824**
Net gain (loss) on derivatives[1]	**58**	**(24)**	**34**
Net change in unrealized gain on available-for-sale securities[2]	**(39)**	**(13)**	**(52)**
Net change in pension and other benefit liabilities	**173**	**(62)**	**111**
Other comprehensive income (loss)	**$ 2,160**	**$ (243)**	**$ 1,917**
2008			
Net foreign currency translation adjustment	$ (2,626)	$ 341	$ (2,285)
Net gain (loss) on derivatives	2	(1)	1
Net change in unrealized gain on available-for-sale securities	(56)	12	(44)
Net change in pension and other benefit liabilities	(1,561)	589	(972)
Other comprehensive income (loss)	$ (4,241)	$ 941	$ (3,300)
2007			
Net foreign currency translation adjustment	$ 1,729	$ (154)	$ 1,575
Net gain (loss) on derivatives	(109)	45	(64)
Net change in unrealized gain on available-for-sale securities	24	(10)	14
Net change in pension and other benefit liabilities	605	(213)	392
Other comprehensive income (loss)	$ 2,249	$ (332)	$ 1,917

[1] Refer to Note 4 for information related to the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments.

[2] Includes reclassification adjustments related to divestitures of certain available-for-sale securities. Refer to Note 2 for additional information related to these divestitures.

NOTE 13: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States define 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, 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 accounting principles generally accepted in the United States, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are investments in equity and debt securities classified as trading or available-for-sale and derivative instruments. The following tables summarize those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 and 2008 (in millions):

	December 31, 2009				
	Level 1	Level 2	Level 3	Netting Adjustment[1]	Fair Value Measurements
Assets					
Trading securities	$ 50	$ 8	$ 3	$ —	$ 61
Available-for-sale securities	393	5	—	—	398
Derivatives	10	184	2	(108)	88
Total assets	$ 453	$ 197	$ 5	$ (108)	$ 547
Liabilities					
Derivatives	$ 1	$ 110	$ 2	$ (111)	$ 2
Total liabilities	$ 1	$ 110	$ 2	$ (111)	$ 2

[1] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions and also cash collateral held or placed with the same counterparties. Refer to Note 4.

	December 31, 2008				
	Level 1	Level 2	Level 3	Netting Adjustment[1]	Fair Value Measurements
Assets					
Trading securities	$ 39	$ 4	$ 6	$ —	$ 49
Available-for-sale securities	518	4	—	—	522
Derivatives	5	108	—	(108)	5
Total assets	$ 562	$ 116	$ 6	$ (108)	$ 576
Liabilities					
Derivatives	$ 6	$ 288	$ 34	$ (117)	$ 211
Total liabilities	$ 6	$ 288	$ 34	$ (117)	$ 211

[1] Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions and also cash collateral held or placed with the same counterparties. Refer to Note 4.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the years ended December 31, 2009 and 2008, respectively.

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 accounting principles generally accepted in the United States. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. Assets measured at fair value on a nonrecurring basis for the year ended December 31, 2009, are summarized below (in millions):

	Impairment Charge	New Cost Basis[2]	Level Used to Determine New Cost Basis		
			Level 1	Level 2	Level 3
Cost method investment	$ 27[1]	$ —	$ —	$ —	$ —
Bottler franchise rights	23[3]	2	—	—	2
Buildings and improvements	17[4]	—	—	—	—
Total	$ 67	$ 2	$ —	$ —	$ 2

[1] The Company recognized an other-than-temporary impairment charge of approximately $27 million. The carrying value of the Company's investment prior to recognizing the impairment was approximately $27 million. The Company determined that the fair value of the investment was zero based on Level 3 inputs. Refer to Note 14 for further discussion of the factors leading to the recognition of the impairment.

[2] The new cost basis represents the carrying value of the impaired asset immediately after the date of impairment. Therefore, this balance does not include the effect of translation and/or depreciation or amortization subsequent to the date of impairment, if applicable.

[3] The Company recognized a charge of approximately $23 million related to the impairment of an indefinite-lived intangible asset. The carrying value of the asset prior to the impairment was approximately $25 million. At the time of impairment, the estimated fair value of the asset was approximately $2 million and was estimated based on Level 3 inputs. Refer to Note 14.

[4] The Company recognized an impairment charge of approximately $17 million due to a change in disposal strategy related to a building that is no longer occupied. The Company had originally intended to sell the building along with the related land. However, we have determined that the maximum potential sales proceeds would likely be realized through the sale of vacant land. As a result, the building will be removed. Refer to Note 14. The carrying value of the asset prior to recognizing the impairment was approximately $17 million.

Fair Value Measurements for Pension and Other Postretirement Benefit Plans

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets, but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension and other postretirement benefit plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. Refer to Note 10. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension and other postretirement plans.

Pension Plan Assets

The following table summarizes the level within the fair value hierarchy used to determine the fair value of our pension plan assets for our U.S. and non-U.S. pension plans as of December 31, 2009 (in millions):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 49	$ 161	$ —	$ 210
Equity securities:				
U.S.-based companies	741	3	—	744
International-based companies	164	1	—	165
Fixed income securities:				
Government bonds	—	225	—	225
Corporate bonds and debt securities	—	345	10	355
Mutual, pooled and commingled funds	233	759	—	992
Hedge funds/limited partnerships	—	—	80	80
Real estate	—	—	153	153
Other	1	62	45[1]	108
Total pension assets	$ 1,188	$ 1,556	$ 288	$ 3,032

[1] Includes approximately $39 million of purchased annuity contracts.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for our U.S. and non-U.S. pension plans for the year ended December 31, 2009 (in millions):

	Corporate Bonds and Debt Securities	Hedge Funds/Limited Partnerships	Real Estate	Other	Total
Beginning balance at January 1, 2009	$ —	$ 58	$ 198	$ 44	$ 300
Actual return on plan assets:					
Related to assets still held at the reporting date	(1)	10	(57)	(1)	(49)
Related to assets sold during the period	—	—	—	—	—
Purchases, sales and settlements — net	(5)	12	6	5	18
Transfers in and/or out of Level 3 — net	16	—	—	(5)	11
Translation	—	—	6	2	8
Ending balance at December 31, 2009	$ 10	$ 80	$ 153	$ 45[1]	$ 288

[1] Includes approximately $39 million of purchased annuity contracts.

Other Postretirement Benefit Plan Assets

The following table summarizes the level within the fair value hierarchy used to determine the fair value of our other postretirement benefit plan assets as of December 31, 2009 (in millions):

	Level 1	Level 2	Level 3[1]	Total
Cash and cash equivalents	$ —	$ 86	$ —	$ 86
Equity securities:				
U.S.-based companies	62	—	—	62
International-based companies	13	—	—	13
Fixed income securities:				
Government bonds	—	1	—	1
Corporate bonds and debt securities	—	5	—	5
Mutual, pooled and commingled funds	—	2	—	2
Hedge funds/limited partnerships	—	—	1	1
Real estate	—	—	2	2
Other	—	1	—	1
Total other postretirement benefit plan assets	$ 75	$ 95	$ 3	$ 173

[1] Level 3 assets are not a significant portion of other postretirement benefit plan assets.

NOTE 14: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

Other Operating Charges

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

	2009	2008	2007
Eurasia & Africa	**$ 4**	$ 1	$ 37
Europe	**7**	—	33
Latin America	**—**	1	4
North America	**31**	56	23
Pacific	**1**	—	3
Bottling Investments	**141**	46	33
Corporate	**129**	246	121
Total other operating charges	**$ 313**	$ 350	$ 254

In 2009, the Company incurred other operating charges of approximately $313 million, which consisted of $166 million related to restructuring charges, $107 million attributable to the Company's ongoing productivity initiatives and $40 million due to asset impairments. Refer to Note 15 for additional information on the restructuring charges and productivity initiatives. The asset impairment charges were the result of a change in the expected useful life of an intangible asset and a change in disposal strategy related to a building that is no longer occupied. Refer to Note 13 for additional fair value information related to these impairment charges.

During 2008, the Company incurred other operating charges of approximately $350 million, which consisted of $194 million due to restructuring charges, $63 million related to contract termination fees, $55 million attributable to productivity initiatives and $38 million as a result of asset impairments. Refer to Note 15 for additional information on the restructuring charges and productivity initiatives. The contract termination fees were primarily the result of penalties incurred by the Company to terminate existing supply and co-packer agreements. Charges related to asset impairments were primarily due to the write-down of manufacturing lines that produce product packaging materials.

In 2007, the Company incurred restructuring charges of approximately $237 million and asset impairments of approximately $31 million. Refer to Note 15 for additional information on the restructuring charges. The asset impairments were primarily related to certain assets and investments in bottling operations, none of which was individually significant. Of this total, $254 million was recorded in other operating charges and $14 million was recorded in cost of goods sold.

Other Nonoperating Items

Equity Income (Loss) — Net

During 2009, the Company recorded charges of approximately $86 million in equity income (loss) — net. These charges primarily represent the Company's proportionate share of asset impairments and restructuring charges recorded by equity method investees. These charges impacted the Bottling Investments and Corporate operating segments.

In 2008, the Company recognized a net charge to equity income (loss) — net of approximately $1,686 million, primarily due to our proportionate share of approximately $7.6 billion pretax ($4.9 billion after-tax) of charges recorded by CCE due to impairments of its North American franchise rights in the second quarter and fourth quarter of 2008. The Company's proportionate share of these charges was approximately $1.6 billion. The decline in the estimated fair value of CCE's North American franchise rights during the second quarter was the result of several factors including, but not limited to, (1) challenging macroeconomic conditions which contributed to lower than anticipated volume for higher-margin packages and certain higher-margin beverage categories; (2) increases in raw material costs, including significant increases in aluminum, high fructose corn syrup and resin; and (3) increased delivery costs as a result of higher fuel costs. The decline in the estimated fair value of CCE's North American franchise rights during the fourth quarter was primarily driven by financial market conditions as of the measurement date that caused (1) a dramatic increase in market debt rates, which impacted the capital charge, and (2) a significant decline in the funded status of CCE's defined benefit pension plans. In addition, the market price of CCE's common stock declined by more than 50 percent between the date of CCE's interim impairment test (May 23, 2008) and the date of CCE's annual impairment test

(October 24, 2008). The net charge to equity income (loss) — net also included a net charge of approximately $60 million, primarily due to our proportionate share of restructuring charges recorded by our equity method investees. These charges impacted the Europe, North America and Bottling Investments operating segments.

During 2007, the Company recognized a net charge to equity income (loss) — net of approximately $150 million. This net charge primarily related to our proportionate share of asset impairments recorded by our equity method investees, which included a charge of $99 million due to excess and obsolete bottles and cases at Coca-Cola Bottlers Philippines, Inc., ("CCBPI") and $62 million attributable to an impairment recorded by Coca-Cola Amatil as a result of the sale of its bottling operations in South Korea. Our proportionate share of the asset impairments recorded by our equity method investees was partially offset by a net $11 million benefit, which represented our proportionate share of items recorded by CCE. These items impacted the Bottling Investments operating segment.

Other Income (Loss) — Net

During 2009, the Company realized a gain of approximately $44 million in other income (loss) — net on the sale of equity securities that were classified as available-for-sale. In 2008, the Company recognized an other-than-temporary impairment on these same securities, primarily due to the length of time the market value had been less than our cost basis, and the lack of intent to retain the investment for a period of time sufficient to allow for recovery in market value. Refer to Note 2 for additional information related to the other-than-temporary impairment charges recorded in 2008. The gain on the sale of these securities represents the appreciation in market value since the impairment was recognized and impacted the Corporate operating segment.

In 2009, the Company recorded a charge of approximately $27 million in other income (loss) — net due to an other-than-temporary decline in the fair value of a cost method investment. As of December 31, 2008, the estimated fair value of this investment approximated the Company's carrying value in the investment. However, during the first quarter of 2009, the Company was informed by the investee of its intent to reorganize its capital structure in 2009, which would result in the Company's shares in the investee being canceled. As a result, the Company determined that the decline in fair value of this cost method investment was other than temporary. This impairment charge impacted the Corporate operating segment. Refer to Note 13 for additional fair value information related to this impairment.

During 2008, the Company recognized gains of approximately $119 million in other income (loss) — net due to divestitures, primarily related to the sale of Remil to Coca-Cola FEMSA, and the sale of 49 percent of our interest in Coca-Cola Beverages Pakistan Ltd. ("Coca-Cola Pakistan") to Coca-Cola Icecek A.S. ("Coca-Cola Icecek"). Prior to the sale of Remil, our Company owned 100 percent of the outstanding common stock of Remil. Cash proceeds from the sale were approximately $275 million, net of the cash balance, as of the disposal date. Subsequent to the sale of a portion of our interest in Coca-Cola Pakistan, the Company owns a noncontrolling interest and accounts for our remaining investment under the equity method. These gains impacted the Bottling Investments and Corporate operating segments.

In 2008, the Company recorded charges of approximately $84 million to other income (loss) — net, which primarily consisted of $81 million of other-than-temporary impairment charges. As of December 31, 2008, the Company had several investments classified as available-for-sale securities in which our cost basis exceeded the fair value of the investment, each of which initially occurred between the end of the second quarter and the beginning of the third quarter of 2008. Management assessed each individual investment to determine if the decline in fair value was other than temporary. Based on these assessments, management determined that the decline in fair value of each investment was other than temporary. These impairment charges impacted the North America, Bottling Investments and Corporate operating segments. Refer to Note 2 for additional information related to the other-than-temporary impairment charges recorded in 2008.

During 2007, the Company sold a portion of its interest in Coca-Cola Amatil for proceeds of approximately $143 million. As a result of this transaction, we recognized a pretax gain of approximately $73 million, which impacted the Corporate operating segment and was included in other income (loss) — net in our consolidated statement of income. Our ownership interest in the total outstanding shares of Coca-Cola Amatil was reduced from approximately 32 percent to 30 percent.

In 2007, the Company sold substantially all of its interest in Vonpar Refrescos S.A. ("Vonpar"), a bottler headquartered in Brazil. Total proceeds from the sale were approximately $238 million, and we recognized a pretax gain on this sale of approximately $70 million, which impacted the Corporate operating segment and was included in other income (loss) — net. Prior to this sale, our Company owned approximately 49 percent of Vonpar's outstanding common stock and accounted for the investment using the equity method.

During 2007, the Company recorded pretax gains of approximately $66 million and $18 million in other income (loss) — net from the sale of real estate in Spain and the United States, respectively. The gains impacted the Corporate operating segment. Total proceeds amounted to approximately $106 million.

NOTE 15: RESTRUCTURING COSTS

The following table summarizes the impact that productivity, integration, streamlining and other restructuring initiatives had on our operating segments (in millions):

Year Ended December 31,	**2009**	2008	2007
Eurasia & Africa	**$ 4**	$ 1	$ 36
Europe	**7**	—	33
Latin America	**—**	1	4
North America	**31**	30	23
Pacific	**1**	—	3
Bottling Investments	**118**	46	29
Corporate	**112**	171	109
Total	**$ 273**	$ 249	$ 237

Productivity Initiatives

During 2008, the Company announced a transformation effort centered on productivity initiatives that will provide additional flexibility to invest for growth. The initiatives are expected to impact a number of areas and include aggressively managing operating expenses supported by lean techniques; redesigning key processes to drive standardization and effectiveness; better leveraging our size and scale; and driving savings in indirect costs through the implementation of a "procure-to-pay" program.

The Company has incurred total pretax expenses of approximately $162 million related to these productivity initiatives since they commenced in the first quarter of 2008, which were recorded in the line item other operating charges in our consolidated statements of income and impacted the Eurasia and Africa, Europe, North America, Pacific and Corporate operating segments. Other direct costs included both internal and external costs associated with the development, communication, administration and implementation of these initiatives. The Company currently expects the total cost of these initiatives to be approximately $500 million and anticipates recognizing the remainder of the costs by the end of 2011.

The table below summarizes the balance of accrued expenses related to productivity initiatives and the changes in the accrued amounts for the years ended December 31, 2009 and 2008 (in millions):

	Costs Incurred 2008	Payments	Noncash and Exchange	Accrued Balance December 31, 2008	**Costs Incurred 2009**	**Payments**	**Noncash and Exchange**	**Accrued Balance December 31, 2009**
Severance pay and benefits	$ 15	$ (1)	$ —	$ 14	**$ 41**	**$ (37)**	**$ —**	**$ 18**
Outside services — legal, outplacement, consulting	35	(32)	—	3	**47**	**(41)**	**—**	**9**
Other direct costs	5	(5)	—	—	**19**	**(12)**	**(3)**	**4**
Total	$ 55	$ (38)	$ —	$ 17	**$ 107**	**$ (90)**	**$ (3)**	**$ 31**

Integration Initiatives

During 2009, the Company incurred approximately $110 million of charges related to the integration of the 18 German bottling and distribution operations acquired in 2007. The Company began these integration initiatives in 2008 and has incurred total pretax expenses of approximately $131 million since they commenced. The expenses recorded in connection with these integration activities have been primarily due to involuntary terminations. These charges were recorded in the line item other operating charges in our consolidated statements of income and impacted the Bottling Investments operating segment. The Company had approximately $46 million and $17 million accrued related to these integration costs as of December 31, 2009 and 2008, respectively. The Company is currently reviewing other integration and restructuring opportunities within the German bottling and distribution operations, which if implemented will result in additional charges in future periods. However, as of December 31, 2009, the Company has not finalized any additional plans.

Streamlining Initiatives

During 2007, the Company took steps to streamline and simplify its operations globally. In North America, the Company reorganized its operations around three main business units: Sparkling Beverages, Still Beverages and Emerging Brands. In Ireland, the Company announced a plan to close its beverage concentrate manufacturing and distribution plant in Drogheda, which was closed during the third quarter of 2008. The plant closure is expected to improve operating productivity and enhance capacity utilization. The costs associated with this plant closure are included in the Corporate operating segment. Selected other operations also took steps to streamline their operations to improve overall efficiency and effectiveness. The Company incurred restructuring costs as a result of our streamlining initiatives of approximately $5 million, $173 million and $237 million for the years ended December 31, 2009, 2008 and 2007, respectively. The Company has incurred total pretax expenses of approximately $415 million related to these streamlining initiatives since they commenced in 2007, which were recorded in the line item other operating charges in our consolidated statements of income. The Company does not anticipate significant additional charges, individually or in the aggregate, related to these initiatives. The Company had approximately $2 million and $30 million accrued related to these streamlining initiatives as of December 31, 2009 and 2008, respectively. The decrease in the accrued balance was primarily due to cash payments in 2009.

Employees separated, or to be separated, from the Company as a result of these streamlining initiatives were offered severance or early retirement packages, as appropriate, that included both financial and nonfinancial components. The expenses recorded in connection with these streamlining activities included costs related to involuntary terminations and other direct costs associated with implementing these initiatives. Other direct costs included expenses to relocate employees; contract termination costs; costs associated with the development, communication and administration of these initiatives; accelerated depreciation; and asset write-offs.

Other Restructuring Initiatives

During 2009, the Company incurred approximately $51 million of charges related to other restructuring initiatives outside the scope of the productivity, integration and streamlining initiatives discussed above. These other restructuring charges were related to individually insignificant activities throughout many of our business units. None of these activities is expected to be individually significant. These charges were recorded in the line item other operating charges in our consolidated statement of income.

NOTE 16: 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,	**2009**	2008	2007
(Increase) decrease in trade accounts receivable	**$ (404)**	$ 148	$ (406)
(Increase) decrease in inventories	**(50)**	(165)	(258)
(Increase) decrease in prepaid expenses and other assets	**(332)**	63	(244)
Increase (decrease) in accounts payable and accrued expenses	**319**	(576)	762
Increase (decrease) in accrued taxes	**81**	(121)	185
Increase (decrease) in other liabilities	**(178)**	(104)	(79)
Net change in operating assets and liabilities	**$ (564)**	$ (755)	$ (40)

NOTE 17: ACQUISITIONS AND INVESTMENTS

For the year ended December 31, 2009, our Company's acquisition and investment activities totaled approximately $300 million. None of the acquisitions or investments was individually significant. Included in these investment activities was the acquisition of a minority interest in Fresh Trading Ltd. Additionally, the Company and the existing shareowners of Fresh Trading Ltd. entered into a series of put and call options for the Company to potentially acquire some or all of the remaining shares not already owned by the Company. The put and call options are exercisable in stages between 2010 and 2014.

For the year ended December 31, 2008, our Company's acquisition and investment activities totaled approximately $759 million, primarily related to the purchase of trademarks, brands and licenses. Included in these investment activities was the acquisition of brands and licenses in Denmark and Finland from Carlsberg Group Beverages ("Carlsberg") for approximately $225 million. None of the other acquisitions or investments was individually significant.

For the year ended December 31, 2007, our Company's acquisition and investment activity, including the acquisition of trademarks, totaled approximately $5,653 million.

In the fourth quarter of 2007, the Company and Coca-Cola FEMSA jointly acquired Jugos del Valle, S.A.B. de C.V. ("Jugos del Valle"), the second largest producer of packaged juices, nectars and fruit-flavored beverages in Mexico and the largest producer of such beverages in Brazil. The purchase price was approximately $370 million plus the assumption of approximately $85 million in debt and was split equally between the Company and Coca-Cola FEMSA. As of December 31, 2009, the Company owned a 50 percent interest in Jugos del Valle. The Company's investment in Jugos del Valle is accounted for under the equity method. Equity income (loss) — net includes our proportionate share of the results of Jugos del Valle's operations beginning November 2007 and is included in the Latin America operating segment.

In order to increase the efficiency of our bottling and distribution operations in the German market, the Company, through its consolidated German bottling operation Coca-Cola Erfrischungsgetraenke AG ("CCEAG"), acquired 18 German bottling and distribution operations on September 1, 2007, for a total purchase price of approximately $547 million plus transaction costs. Following the acquisition, the Company owns the franchise rights for all of the German market. The purchase price consisted of approximately 17 percent of the outstanding shares of CCEAG valued at approximately $384 million, approximately $151 million in cash and assumed net debt of approximately $12 million. The acquisition agreements also provide the former owners of the 18 German bottling and distribution operations a put option to sell their respective shares in CCEAG back to the Company on January 2, 2014, with notification to the Company required by September 30, 2013. In addition, the agreements provide the Company with a call option to repurchase the issued shares of CCEAG back from the former owners of the 18 German bottling and distribution operations on January 2, 2014, with notification to the former owners of the 18 German bottlers and distributors by December 15, 2013. The strike price of the call option is approximately 20 percent higher than the strike price of the put option. As of the closing date of this transaction, the present value of the amounts likely to be paid under the put and call agreements and guaranteed future cash payments was approximately $384 million. Under the purchase method of accounting, the total purchase price is allocated to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. Any excess of purchase price over the aggregate fair value of acquired net assets is recorded as goodwill. The final purchase price allocated to franchise rights was approximately $345 million; property, plant and equipment was approximately $227 million; deferred tax liabilities was approximately $97 million; and goodwill was approximately $142 million. Approximately $33 million of the goodwill is deductible for tax purposes. The franchise rights have been assigned an indefinite life. In conjunction with this acquisition, management formulated a plan to improve the efficiency of the German bottling and distribution operations. The implementation of this plan resulted in approximately $45 million in liabilities for anticipated costs related to production and distribution facility closings. The Company finished implementing this plan in the first quarter of 2009. In addition to the plan that was formulated at the time of acquisition and executed in months that followed, the Company has incurred additional integration related charges. Refer to Note 15. The Company's acquisition of the 18 German bottling and distribution operations was accounted for as a business combination, with the results of the acquired entities included in the Bottling Investments operating segment since September 1, 2007.

In the third quarter of 2007, the Company acquired a 34 percent interest in Tokyo Coca-Cola Bottling Company ("Tokyo CCBC"). The Company's investment in Tokyo CCBC is accounted for under the equity method. Equity income (loss) — net includes our proportionate share of the results of Tokyo CCBC's operations beginning July 2007 and is included in the Bottling Investments operating segment. In the third quarter of 2007, the Company also acquired an additional 11 percent interest in Nordeste Refrigerantes S.A. (''NORSA''). After this acquisition, the Company owned approximately 60 percent of NORSA. The Company began consolidating this entity from the date we acquired the additional 11 percent interest. The combined purchase price for these third-quarter acquisitions was approximately $203 million. NORSA is included in the Bottling Investments operating segment.

On June 7, 2007, in an effort to expand our still beverage offerings, our Company acquired Energy Brands Inc., also known as glacéau, the maker of enhanced water brands, such as vitaminwater and smartwater, for approximately $4.1 billion. On the acquisition date, we made a cash payment of approximately $2.9 billion for a 71.4 percent interest in glacéau and entered into a put and call option agreement with certain entities associated with the Tata Group (''Tata'') to acquire the remaining 28.6 percent ownership interest in glacéau. As a result of the terms of these agreements with Tata, the amount to be paid under the put and call option agreement of $1.2 billion was recorded at the acquisition date as an additional investment in glacéau, with the offset being recorded as a current liability within loans and notes payable on the consolidated balance sheets. On October 22, 2007, the Company exercised its right to call the remaining interest in glacéau and paid Tata $1.2 billion, such that the Company owned 100 percent of glacéau as of December 31, 2007. Under the purchase method of accounting, the total purchase price of glacéau is allocated to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. Any excess of purchase price over the aggregate fair value of acquired net assets is recorded as goodwill. The final purchase price allocation was approximately $3.3 billion to trademarks, approximately $2.0 billion to goodwill, approximately $0.1 billion to customer relationships and approximately $1.1 billion to deferred tax liabilities. The trademarks have been assigned indefinite lives. The goodwill resulting from this acquisition is primarily related to our ability to optimize the route to market and increase the availability of the product, which will result in additional product sales. The goodwill also includes the recognition of deferred tax liabilities associated with the identifiable intangible assets recorded in purchase accounting. The goodwill is not deductible for tax purposes. On August 30, 2007, the Company announced its plans to transition to a new distribution model for glacéau products. This new distribution model includes a mix of legacy glacéau distributors and existing Coca-Cola system bottlers. Also, the Company will retain the distribution rights for certain channels. The implementation of this plan resulted in approximately $0.2 billion in liabilities for anticipated costs to terminate existing glacéau distribution agreements, which was reflected as an adjustment to the original allocation of acquisition costs. Substantially all of these termination costs were paid by the end of 2008. The acquisition of glacéau was accounted for as a business combination, with the results of the acquired entity included in the North America operating segment as of the acquisition date.

In addition, certain executive officers and former shareholders of glacéau invested approximately $179 million of their proceeds from the sale of glacéau in common stock of the Company at then-current market prices. These shares of Company common stock were placed in escrow pursuant to the glacéau acquisition agreement.

In the second quarter of 2007, the Company divested a portion of its interest in Scarlet Ibis Investment 3 (Proprietary) Limited (''Scarlet''), a bottling company in South Africa.

During the first quarter of 2007, our Company acquired the remaining 65 percent interest in CCBPI from San Miguel Corporation (''SMC'') for consideration of approximately $591 million plus assumed net debt, of which $100 million was placed in escrow until certain matters related to the closing balance sheet audit of CCBPI were resolved. During the third quarter of 2007, the entire escrow amount was released, and our Company recovered $70 million. The adjusted purchase price after the recovery from escrow was approximately $521 million plus assumed debt, net of acquired cash, of approximately $79 million. Of the $521 million of consideration, the Company has outstanding notes payable to SMC of approximately $100 million as of December 31, 2009. As a result of the acquisition, the Company owns 100 percent of the outstanding stock of CCBPI. The final amount of purchase price allocated to property, plant and equipment was approximately $319 million; franchise rights was approximately $285 million; and goodwill was approximately $197 million. The goodwill is not deductible for tax purposes. The franchise rights have been assigned an indefinite life. Management finalized a plan to improve the efficiency of CCBPI, which included the closing of eight production facilities during the third quarter of 2007. The acquisition of CCBPI was accounted for as a business combination, with the results of the acquired entity included in the Bottling Investments operating segment as of the acquisition date.

First quarter 2007 acquisition and investing activities also included approximately $327 million related to the purchases of Fuze and Leao Junior, S.A. (''Leao Junior''), a Brazilian tea company, which are included in the North America and Latin America operating segments, respectively. The final amount of purchase price related to these acquisitions allocated to property, plant and equipment was approximately $19 million; identifiable intangible assets, primarily indefinite-lived trademarks, was approximately $265 million; and goodwill was approximately $57 million.

The acquisitions of the 18 German bottling and distribution operations, glacéau, CCBPI, Fuze, Leao Junior, NORSA, our 34 percent investment in Tokyo CCBC and our 50 percent investment in Jugos del Valle in 2007 were primarily financed through the issuance of commercial paper and long-term debt.

Assuming the results of the businesses acquired in 2007 had been included in operations beginning on January 1, 2007, the estimated pro forma net operating revenues of the Company for the year ended December 31, 2007, would have been approximately $29.6 billion. The estimated pro forma net income, excluding the effect of interest expense as a result of financing the acquisitions, for the year ended December 31, 2007, would not have been significantly different than the reported amount.

NOTE 18: OPERATING SEGMENTS

As of December 31, 2009, our organizational structure consisted of the following operating segments: Eurasia and Africa; Europe; Latin America; North America; Pacific; Bottling Investments; and Corporate. Prior-period amounts have been reclassified to conform to the current operating structure.

Segment Products and Services

The business of our Company is nonalcoholic beverages. Our geographic operating segments (Eurasia and Africa; Europe; Latin America; North America and Pacific) derive a majority of their revenues from the manufacture and sale of beverage concentrates and syrups and, in some cases, the sale of finished beverages. Our Bottling Investments operating segment is comprised of our Company-owned or consolidated bottling operations, regardless of the geographic location of the bottler, and equity income from the majority of our equity method investments. Company-owned or consolidated bottling operations derive the majority of their revenue from the sale of finished beverages. Generally, bottling and finished product operations produce higher net revenues but lower gross profit margins compared to concentrate and syrup operations.

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 financial costs, such as interest income and expense, on a global basis within the Corporate operating segment. We evaluate segment performance based on income or loss before income taxes.

Geographic Data (in millions)

Year Ended December 31,	**2009**	2008	2007
Net operating revenues:			
United States	**$ 8,011**	$ 8,014	$ 7,556
International	**22,979**	23,930	21,301
Net operating revenues	**$ 30,990**	$ 31,944	$ 28,857

December 31,	**2009**	2008	2007
Property, plant and equipment — net:			
United States	**$ 3,115**	$ 3,161	$ 2,750
International	**6,446**	5,165	5,743
Property, plant and equipment — net	**$ 9,561**	$ 8,326	$ 8,493

Information about our Company's operations by operating segment for the years ended December 31, 2009, 2008 and 2007, is as follows (in millions):

	Eurasia & Africa	Europe	Latin America	North America	Pacific	Bottling Investments	Corporate	Eliminations	Consolidated
2009									
Net operating revenues:									
Third party	**$ 1,977**	**$ 4,308**	**$ 3,700**	**$ 8,191**	**$ 4,533**[1]	**$ 8,193**	**$ 88**	**$ —**	**$ 30,990**
Intersegment	**220**	**895**	**182**	**80**	**342**	**127**	**—**	**(1,846)**	**—**
Total net revenues	**2,197**	**5,203**	**3,882**	**8,271**	**4,875**	**8,320**	**88**	**(1,846)**	**30,990**
Operating income (loss)	**810**[2]	**2,946**[2]	**2,042**	**1,699**[2]	**1,887**[2]	**179**[2]	**(1,332)**[2]	**—**	**8,231**
Interest income	**—**	**—**	**—**	**—**	**—**	**—**	**249**	**—**	**249**
Interest expense	**—**	**—**	**—**	**—**	**—**	**—**	**355**	**—**	**355**
Depreciation and amortization	**27**	**132**	**52**	**365**	**95**	**424**	**141**	**—**	**1,236**
Equity income (loss) — net	**(1)**	**20**	**(4)**	**(1)**	**(23)**	**785**[3]	**5**[3]	**—**	**781**
Income (loss) before income taxes	**810**[2]	**2,976**[2]	**2,039**	**1,701**[2]	**1,866**[2]	**980**[2,3]	**(1,426)**[2,3,4,5]	**—**	**8,946**
Identifiable operating assets[6]	**1,155**	**3,047**[7]	**2,480**	**10,941**	**1,929**	**9,140**[7]	**13,224**	**—**	**41,916**
Investments[8]	**331**	**214**	**248**	**8**	**82**	**5,809**	**63**	**—**	**6,755**
Capital expenditures	**70**	**68**	**123**	**458**	**91**	**826**	**357**	**—**	**1,993**
2008									
Net operating revenues:									
Third party	$ 2,135	$ 4,785	$ 3,623	$ 8,205	$ 4,358[1]	$ 8,731	$ 107	$ —	$ 31,944
Intersegment	192	1,016	212	75	337	200	—	(2,032)	—
Total net revenues	2,327	5,801	3,835	8,280	4,695	8,931	107	(2,032)	31,944
Operating income (loss)	834[9]	3,175	2,099[9]	1,584[9]	1,858	264[9]	(1,368)[9]	—	8,446
Interest income	—	—	—	—	—	—	333	—	333
Interest expense	—	—	—	—	—	—	438	—	438
Depreciation and amortization	26	169	42	376	78	409	128	—	1,228
Equity income (loss) — net	(14)	(4)[10]	6	(2)[10]	(19)	(844)[10]	3	—	(874)
Income (loss) before income taxes	823[9]	3,182[10]	2,098[9]	1,579[9,10,11]	1,841	(582)[9,10,11,12]	(1,435)[9,11,12]	—	7,506
Identifiable operating assets[6]	956	3,012[7]	1,849	10,845	1,444	7,935[7]	8,699	—	34,740
Investments[8]	395	179	199	4	72	4,873	57	—	5,779
Capital expenditures	67	76	58	493	177	818	279	—	1,968
2007									
Net operating revenues:									
Third party	$ 1,941	$ 4,447	$ 3,069	$ 7,761	$ 3,997[1]	$ 7,570	$ 72	$ —	$ 28,857
Intersegment	168	845	175	75	409	125	—	(1,797)	—
Total net revenues	2,109	5,292	3,244	7,836	4,406	7,695	72	(1,797)	28,857
Operating income (loss)	667[13]	2,775[13]	1,749[13]	1,696[13]	1,699[13]	153[13]	(1,487)[13]	—	7,252
Interest income	—	—	—	—	—	—	236	—	236
Interest expense	—	—	—	—	—	—	456	—	456
Depreciation and amortization	23	141	41	359	82	388	129	—	1,163
Equity income (loss) — net	37	11	1	4	(14)	630[14]	(1)	—	668
Income (loss) before income taxes	706[13]	2,796[13]	1,752[13]	1,700[13]	1,670[13]	793[13,14]	(1,498)[13,15]	—	7,919
Identifiable operating assets[6]	1,023	2,997[7]	1,989	10,510	1,468	8,962[7]	8,543	—	35,492
Investments[8]	386	111	245	18	23	6,949	45	—	7,777
Capital expenditures	74	79	47	344	191	645	268	—	1,648

Certain prior year amounts have been revised to conform to the current year presentation.

1 Net operating revenues in Japan represented approximately 10 percent of total consolidated net operating revenues in 2009, 9 percent in 2008 and 9 percent in 2007.

2 Operating income (loss) and income (loss) before income taxes were reduced by approximately $4 million for Eurasia and Africa, $7 million for Europe, $31 million for North America, $1 million for Pacific, $141 million for Bottling Investments and $129 million for Corporate, primarily as a result of restructuring costs, the Company's ongoing productivity initiatives and asset impairments. Refer to Note 14.

3 Equity income (loss) — net and income (loss) before income taxes were reduced by approximately $84 million for Bottling Investments and $2 million for Corporate, primarily attributable to the Company's proportionate share of asset impairment and restructuring charges recorded by certain of our equity method investees. Refer to Note 14.

4 Income (loss) before income taxes was reduced by approximately $27 million for Corporate due to an other-than-temporary impairment of a cost method investment. Refer to Note 14.

5 Income (loss) before income taxes was increased by approximately $44 million for Corporate due to realized gains on the sale of equity securities that were classified as available-for-sale. In 2008, the Company recognized an other-than-temporary impairment related to these securities. Refer to Note 14.

6 Principally cash and cash equivalents, trade accounts receivable, inventories, goodwill, trademarks and other intangible assets and property, plant and equipment — net.

[7] Property, plant and equipment — net in Germany represented approximately 18 percent of total consolidated property, plant and equipment — net in 2009, 18 percent in 2008 and 21 percent in 2007.

[8] Principally equity method investments, available-for-sale securities and nonmarketable investments in bottling companies.

[9] Operating income (loss) and income (loss) before income taxes were reduced by approximately $1 million for Eurasia and Africa, $1 million for Latin America, $56 million for North America, $46 million for Bottling Investments and $246 million for Corporate, primarily as a result of restructuring charges, contract termination fees, expenses related to productivity initiatives and asset impairments. Refer to Note 14.

[10] Equity income (loss) — net and income (loss) before income taxes was reduced by approximately $19 million for Europe, $8 million for North America and $1,659 million for Bottling Investments, primarily attributable to our proportionate share of asset impairment charges recorded by equity method investees. Refer to Note 14.

[11] Income (loss) before income taxes was reduced by approximately $2 million for North America, $30 million for Bottling Investments and $52 million for Corporate, primarily due to other-than-temporary impairments of available-for-sale securities. Refer to Note 14.

[12] Income (loss) before income taxes was increased by approximately $119 million for Bottling Investments and Corporate, primarily due to the gain on the sale of Remil and the sale of 49 percent of our interest in Coca-Cola Pakistan. Refer to Note 14.

[13] Operating income (loss) and income (loss) before income taxes were reduced by approximately $37 million for Eurasia and Africa, $33 million for Europe, $4 million for Latin America, $23 million for North America, $3 million for Pacific, $47 million for Bottling Investments and $121 million for Corporate, primarily due to asset impairments and restructuring charges. Refer to Note 14.

[14] Equity income (loss) — net and income (loss) before income taxes were decreased by approximately $150 million for Bottling Investments, primarily due to our proportionate share of asset impairments and restructuring costs, net of benefits from tax rate changes, recorded by equity method investees. Refer to Note 14.

[15] Income (loss) before income taxes was increased by $227 million for Corporate primarily due to gains on the sale of real estate in Spain and in the United States, the sale of our ownership in Vonpar and the sale of Coca-Cola Amatil shares. Refer to Note 14.

NOTE 19: SUBSEQUENT EVENT

On February 25, 2010, we entered into a definitive agreement with CCE that will result in the acquisition of the assets and liabilities of CCE's North American operations for consideration including the Company's current 34 percent ownership interest in CCE valued at approximately $3.4 billion, based upon a 30 day trailing average as of February 24, 2010, and the assumption of approximately $8.9 billion of CCE debt. At closing, CCE shareowners other than the Company will exchange their current CCE common stock for common stock in a new entity, which will retain the name CCE and hold CCE's current European operations. This new entity initially will be 100 percent owned by the CCE shareowners other than the Company. As a result of the transaction, the Company will not own any interest in the new CCE entity. The transaction is subject to CCE shareowners' approval and certain regulatory approvals.

In a concurrent transaction, we reached an agreement in principle to sell our ownership interests in our Norway bottling operation, Coca-Cola Drikker AS, and our Sweden bottling operation, Coca-Cola Drycker Sverige AB, to the new CCE entity for approximately $822 million in cash. The transactions are subject to certain regulatory approvals.

We expect the transactions will close in the fourth quarter of 2010.

In addition, we granted the new CCE entity the right to acquire our majority interest in our German bottling operation, CCEAG, 18 to 36 months after closing of the North America transaction, at the then current fair value.

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 generally accepted accounting principles 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 controls 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, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (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, 2009.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee of the Company's Board of Directors, subject to ratification by our Company's shareowners. Ernst & Young LLP has audited and reported on the consolidated financial statements of The Coca-Cola Company and subsidiaries and the Company's internal control over financial reporting. The reports of the independent auditors are contained in this annual report.

Audit Committee's Responsibility

The Audit Committee of our Company's Board of Directors, composed solely of Directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act, and the Company's Corporate Governance Guidelines, meets with the independent auditors, management and internal auditors periodically to discuss internal controls and auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Audit Committee. Our Audit Committee's Report can be found in the Company's 2010 Proxy Statement.

Muhtar Kent
Chairman of the Board of Directors,
Chief Executive Officer and President
February 26, 2010

Kathy N. Waller
Vice President and Controller
February 26, 2010

Gary P. Fayard
Executive Vice President
and Chief Financial Officer
February 26, 2010

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
The Coca-Cola Company

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 2007 the Company changed its method of accounting for uncertainty in income taxes.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2010 expressed an unqualified opinion thereon.

Ernst + Young LLP

Atlanta, Georgia
February 26, 2010

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Board of Directors and Shareowners
The Coca-Cola Company

We have audited The Coca-Cola Company and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Coca-Cola Company and subsidiaries' 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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.

In our opinion, The Coca-Cola Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2009, and our report dated February 26, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Atlanta, Georgia
February 26, 2010

Quarterly Data (Unaudited)

(In millions except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2009					
Net operating revenues	**$ 7,169**	**$ 8,267**	**$ 8,044**	**$ 7,510**	**$ 30,990**
Gross profit	**4,579**	**5,354**	**5,110**	**4,859**	**19,902**
Net income attributable to shareowners of The Coca-Cola Company	**1,348**	**2,037**	**1,896**	**1,543**	**6,824**
Basic net income per share	**$ 0.58**	**$ 0.88**	**$ 0.82**	**$ 0.67**	**$ 2.95**
Diluted net income per share	**$ 0.58**	**$ 0.88**	**$ 0.81**	**$ 0.66**	**$ 2.93**
2008					
Net operating revenues	$ 7,379	$ 9,046	$ 8,393	$ 7,126	$ 31,944
Gross profit	4,755	5,884	5,373	4,558	20,570
Net income attributable to shareowners of The Coca-Cola Company	1,500	1,422	1,890	995	5,807
Basic net income per share	$ 0.65	$ 0.61	$ 0.82	$ 0.43	$ 2.51
Diluted net income per share	$ 0.64	$ 0.61	$ 0.81	$ 0.43	$ 2.49

Our reporting period ends on the Friday closest to the last day of the quarterly calendar period. Our fiscal year ends on December 31 regardless of the day of the week on which December 31 falls.

The Company's first quarter of 2009 results were impacted by five additional shipping days as compared to the first quarter of 2008. Additionally, the Company recorded the following transactions which impacted results:

- Charges of approximately $5 million for North America, $65 million for Bottling Investments and $22 million for Corporate, primarily as a result of restructuring costs, productivity initiatives and an asset impairment. Refer to Note 14 and Note 15.
- Equity income (loss) — net was reduced by approximately $51 million for Bottling Investments and $1 million for Corporate, primarily attributable to our proportionate share of asset impairment charges and restructuring costs recorded by equity method investees. Refer to Note 14.
- Other income (loss) — net was reduced by approximately $27 million for Corporate due to an other-than-temporary impairment of a cost method investment. Refer to Note 13 and Note 14.
- A tax charge of approximately $15 million related to the recognition of a valuation allowance on deferred tax assets. Refer to Note 11.
- A net tax benefit of approximately $1 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

In the second quarter of 2009, the Company recorded the following transactions which impacted results:

- Charges of approximately $3 million for Eurasia and Africa, $1 million for Europe, $8 million for North America, $26 million for Bottling Investments and $34 million for Corporate, primarily as a result of restructuring costs, an asset impairment and productivity initiatives. Refer to Note 14 and Note 15.
- Equity income (loss) — net was reduced by approximately $10 million for Bottling Investments, primarily attributable to our proportionate share of restructuring costs recorded by certain of our equity method investees. Refer to Note 14.
- A net tax charge of approximately $33 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

In the third quarter of 2009, the Company recorded the following transactions which impacted results:

- Charges of approximately $2 million for Europe, $2 million for North America, $1 million for Pacific, $18 million for Bottling Investments and $25 million for Corporate, primarily due to the Company's ongoing productivity initiatives and restructuring costs. Refer to Note 14 and Note 15.

- Equity income (loss) — net was reduced by approximately $5 million for Bottling Investments and $1 million for Corporate, primarily attributable to the Company's proportionate share of restructuring charges recorded by certain of our equity method investees. Refer to Note 14.
- Other income (loss) — net was increased by approximately $10 million for Corporate due to realized gains on the sale of equity securities that were classified as available-for-sale. In 2008, the Company recognized an other-than-temporary impairment related to these investments. Refer to Note 2 and Note 14.
- A tax benefit of approximately $17 million due to the impact that tax rate changes had on certain deferred tax liabilities. Refer to Note 11.
- A net tax charge of approximately $8 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

The Company's fourth quarter of 2009 results were impacted by six fewer shipping days as compared to the fourth quarter of 2008. Additionally, the Company recorded the following transactions which impacted results:

- Charges of approximately $1 million for Eurasia and Africa, $4 million for Europe, $16 million for North America, $32 million for Bottling Investments and $48 million for Corporate, primarily due to restructuring costs and the Company's ongoing productivity initiatives. Refer to Note 14 and Note 15.
- Equity income (loss) — net was reduced by approximately $18 million for Bottling Investments, primarily attributable to the Company's proportionate share of restructuring charges recorded by certain of our equity method investees. Refer to Note 14.
- Other income (loss) — net was increased by approximately $34 million for Corporate, primarily due to realized gains on the sale of equity securities that were classified as available-for-sale. In 2008, the Company recognized an other-than-temporary impairment related to these investments. Refer to Note 2 and Note 14.
- A net tax benefit of approximately $53 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

In the first quarter of 2008, the Company recorded the following transactions which impacted results:

- Charges of approximately $2 million for North America, $4 million for Bottling Investments and $79 million for Corporate, primarily attributable to restructuring costs, asset impairments and productivity initiatives. Refer to Note 14 and Note 15.
- Equity income (loss) — net was increased by approximately $5 million for Bottling Investments, primarily due to our proportionate share of a tax benefit recorded by an equity method investee, partially offset by our proportionate share of restructuring costs and asset impairment charges recorded by equity method investees. Refer to Note 14.
- A net tax charge of approximately $2 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

In the second quarter of 2008, the Company recorded the following transactions which impacted results:

- Charges of approximately $4 million for North America, $9 million for Bottling Investments and $97 million for Corporate, primarily due to restructuring costs, contract termination fees, asset impairments and productivity initiatives. Refer to Note 14 and Note 15.
- Equity income (loss) — net was reduced by approximately $1.1 billion for Bottling Investments, primarily as a result of our proportionate share of an impairment charge recorded by CCE. Refer to Note 14.
- Other income (loss) — net was increased by approximately $102 million for Bottling Investments and Corporate, primarily due to the gain on the sale of Remil to Coca-Cola FEMSA. Refer to Note 14.
- A net tax charge of approximately $29 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

In the third quarter of 2008, the Company recorded the following transactions which impacted results:

- Charges of approximately $1 million for Latin America, $6 million for North America, $12 million for Bottling Investments and $28 million for Corporate, as a result of restructuring costs and productivity initiatives. Refer to Note 14 and Note 15.
- Equity income (loss) — net was reduced by approximately a net $3 million for Bottling Investments, primarily due to our proportionate share of restructuring charges recorded by our equity method investees. Refer to Note 14.
- Other income (loss) — net was increased by approximately $16 million for Corporate due to the sale of 49 percent of our interest in Coca-Cola Pakistan to Coca-Cola Icecek. Refer to Note 14.
- A net tax charge of approximately $5 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.

In the fourth quarter of 2008, the Company recorded the following transactions which impacted results:

- Charges of approximately $1 million for Eurasia and Africa, $44 million for North America, $21 million for Bottling Investments and $42 million for Corporate, primarily as a result of restructuring costs, productivity initiatives, asset impairments and contract termination fees. Refer to Note 14 and Note 15.
- Equity income (loss) — net was reduced by approximately $19 million for Europe, $8 million for North America and $529 million for Bottling Investments, primarily attributable to our proportionate share of asset impairment charges recorded by equity method investees. Refer to Note 14.
- Other income (loss) — net was reduced by approximately $2 million for North America, $30 million for Bottling Investments and $52 million for Corporate, primarily due to other-than-temporary impairments of available-for-sale securities. Refer to Note 14.
- An approximate $10 million tax expense related to valuation allowances recorded on deferred tax assets. Refer to Note 11.
- A net tax benefit of approximately $41 million related to amounts required to be recorded for changes to our uncertain tax positions, including interest and penalties. Refer to Note 11.