agreements. These agreements usually have terms of three to five years. We currently expect that we will be able to renegotiate such agreements on satisfactory terms when they expire. The Company believes that its relations with its associates are generally satisfactory.

Securities Exchange Act Reports

The Company maintains a website at the following address: www.thecoca-colacompany.com. The information on the Company’s website is not incorporated by reference in this annual report on Form 10-K.

We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission (the “SEC”) in accordance with the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

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

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

Consumers, public health officials and government officials are becoming increasingly concerned about the public health consequences associated with obesity, particularly among young people. In addition, some researchers, health advocates and dietary guidelines are encouraging consumers to reduce consumption of sugar-sweetened beverages, including those sweetened with HFCS or other nutritive sweeteners. Increasing public concern about these issues; possible new taxes and governmental regulations concerning the marketing, labeling or availability of our beverages; and negative publicity resulting from actual or threatened legal actions against us or other companies in our industry relating to the marketing, labeling or sale of sugar-sweetened beverages may reduce demand for our beverages, which could affect our profitability.

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

Water is the main ingredient in substantially all of our products. It is also a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing pollution, poor management and climate change. As demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, our system may incur increasing production costs or face capacity constraints which could adversely affect our profitability or net operating revenues in the long run.

Changes in the nonalcoholic beverages business environment could impact our financial results.

The nonalcoholic beverages business environment is rapidly evolving as a result of, among other things, changes in consumer preferences, including changes based on health and nutrition considerations and obesity concerns; shifting consumer tastes and needs; changes in consumer lifestyles; and competitive product and pricing pressures. In addition, our industry is being affected by the trend toward consolidation in the retail channel, particularly in Europe and the United States. If we are unable to successfully adapt to this rapidly changing environment, our share of sales, volume growth and overall financial results could be negatively affected.

If we fail to realize a significant portion of the anticipated benefits of the acquisition of CCE’s North American business, the value of your investment in our Company may be adversely affected.

On October 2, 2010, we acquired CCE’s North American bottling and distribution operations. We believe that the acquisition will enable us to evolve our entire business in North America, including the acquired operations, to more profitably deliver our valuable brands in the largest nonalcoholic ready-to-drink beverage market in the world. When we
determined to make the acquisition, we believed that the transaction would, among other things, enhance our ability to create a more fully integrated and adaptable supply chain in the North American market to allow our combined North American business to more efficiently and effectively operate our distribution chain in the North American territories and enhance revenue opportunities; create a unified operating system in North America which will address the unique needs of the North American market; strategically position us to better market and distribute our products in North America; improve efficiencies by streamlining operations and reducing or eliminating the costs, expenses, management time and resources associated with interactions and negotiations between the previously separate organizations; allow us to optimize and improve the efficiencies of manufacturing and logistics operations in North America through economies of scale and geography; generate significant operational synergies; facilitate and increase the pace of innovation and new product introduction in North America; and optimize our operating model and improve the strategic planning process, increasing management focus and streamlining decision-making. While we believe that the anticipated benefits, including our estimated operational synergies, are achievable, it is possible that we may not be able to realize some or even a significant portion of such benefits or operational synergies, or may not be able to achieve them within the anticipated time frame. If we are unable to successfully integrate our North American businesses with the acquired CCE North American business and to realize a significant portion of the anticipated benefits or operational synergies, or if it takes us significantly longer than expected to realize such benefits or operational synergies, our future results of operations may be adversely affected and we may not be able to meet investors’ expectations or achieve our long-term growth objectives, which could negatively affect the value of your investment in our Company.

*We may incur higher than expected costs in connection with the integration of the acquired CCE North American business, which could hurt our financial performance in future periods.*

We have incurred, and expect to continue to incur, significant costs and expenses in connection with the integration of the North American businesses we owned prior to the CCE transaction with the acquired CCE North American business. While we believe that our estimates of integration costs and expenses are reasonable, we cannot assure you that our actual costs and expenses will not be significantly higher than our current estimates or that we will not incur significant unanticipated integration costs and expenses in the future. If we underestimated or incur significant unanticipated integration costs and expenses, our future financial results could suffer.

*Our indebtedness following completion of the acquisition of CCE’s North American business is substantially greater than our historical level of indebtedness, which will increase our borrowing costs and interest expense in future periods and, therefore, may adversely affect our financial performance.*

As a result of the CCE transaction, we assumed approximately $7.9 billion of debt from CCE. As a result of the substantial increase in our indebtedness, our borrowing costs and interest expense in future periods will be higher than in the past. The increased indebtedness and higher borrowing costs and interest expense may reduce amounts available for dividends, stock repurchases, capital expenditures and acquisitions, and may cause rating agencies to downgrade our debt, all of which could have adverse effects on our future financial performance.

*Our pension expense has substantially increased as a result of the acquisition of CCE’s North American business and we may incur multi-employer plan withdrawal liabilities in the future, which could negatively impact our financial performance.*

Our total pension expense for 2010 was $176 million. In 2011, we expect our total pension expense to be approximately $240 million, with most of the expected increase due to the impact of our acquisition of CCE’s North American business. In addition, as a result of the acquisition of CCE’s North American business, the Company currently participates in various multi-employer pension plans in the United States. Our pension expense for U.S. multi-employer plans totaled $9 million in 2010. The plans we participate in have contractual arrangements that extend into 2015. If, in the future, we choose to withdraw from these plans, we will likely need to record withdrawal liabilities, some of which may be material and could negatively impact our financial performance in the applicable periods.

*Continuing uncertainty in the credit and equity market conditions may adversely affect our financial performance.*

The global credit markets experienced unprecedented disruptions during late 2008 and early 2009. While credit market conditions have improved somewhat since the crisis, the improvements have not been uniform. The cost and availability of credit vary by market and are subject to changes in the global or regional economic environment. If the current uncertain conditions in the credit markets continue or worsen, our ability to access credit markets on favorable terms
may be negatively affected, which could increase our cost of borrowing. In addition, the current uncertain credit market conditions may make it more difficult for our bottling partners to access financing on terms comparable to those available prior to the global credit crisis, which would affect the Coca-Cola system’s profitability as well as our share of the income of bottling partners in which we have equity method investments. The current uncertain global credit market conditions and their actual or perceived effects on our and our major bottling partners’ results of operations and financial condition, along with the current unfavorable economic environment in the United States and much of the world, may increase the likelihood that the major independent credit agencies will downgrade our credit ratings, which could have a negative effect on our borrowing costs.

The significant decline in the equity markets and in the valuation of other assets precipitated by the global credit crisis and related financial system instability affected the value of our pension plan assets. In spite of improving asset values in late 2009 and 2010, the fair value of our plan assets remains lower than pre-crisis levels, and this could lead to higher pension expense in the future.

In addition, some of the major financial institutions remain fragile, and the counterparty risk associated with our existing derivative financial instruments remains higher than pre-crisis levels. Therefore, we may be unable to secure creditworthy counterparties for derivative transactions in the future or may incur higher than anticipated costs in our hedging activities. The decrease in availability of consumer credit resulting from the financial crisis, as well as general unfavorable economic conditions, may also cause consumers to reduce their discretionary spending, which would reduce the demand for our beverages and negatively affect our net revenues and the Coca-Cola system’s profitability.

**Increased competition could hurt our business.**

The nonalcoholic beverages segment of the commercial beverages industry is highly competitive. We compete with major international beverage companies that, like our Company, operate in multiple geographic areas, as well as numerous companies that are primarily local in operation. In many countries in which we do business, including the United States, PepsiCo, Inc., is a primary competitor. Other significant competitors include, but are not limited to, Nestlé, Dr Pepper Snapple Group, Inc., Groupe Danone, Kraft Foods Inc. and Unilever. In certain markets, our competition includes major beer companies. Our beverage products also compete against local or regional brands as well as against store or private label brands developed by retailers, some of which are Coca-Cola system customers. Our ability to gain or maintain share of sales or gross margins in the global market or in various local markets may be limited as a result of actions by competitors.

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

Our success depends in part on our ability to grow our business in developing and emerging markets, which in turn depends on economic and political conditions in those markets and on our ability to acquire or form strategic business alliances with local bottlers and to make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Moreover, the supply of our products in developing and emerging markets must match consumers’ demand for those products. Due to product price, limited purchasing power and cultural differences, there can be no assurance that our products will be accepted in any particular developing or emerging market.

**Fluctuations in foreign currency exchange rates could affect our financial results.**

We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U.S. dollar, including the euro, the Japanese yen, the Brazilian real and the Mexican peso. In 2010, we used 74 functional currencies in addition to the U.S. dollar and derived approximately $24.5 billion of net operating revenues from operations outside the United States. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies will affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. In addition, unexpected and dramatic devaluations of currencies in developing or emerging markets, such as the devaluation of the Venezuelan bolivar, could negatively affect the value of our earnings from, and of the assets located in, those markets. Because of the geographic diversity of our operations, weaknesses in some currencies might be offset by strengths in others over time. We also use derivative financial
instruments to further reduce our net exposure to currency exchange rate fluctuations. However, we cannot assure you that fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, would not materially affect our financial results.

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

We maintain levels of debt that we consider prudent based on our cash flows, interest coverage ratio and percentage of debt to capital. We use debt financing to lower our cost of capital, which increases our return on shareowners’ equity. This exposes us to adverse changes in interest rates. When appropriate, we use derivative financial instruments to reduce our exposure to interest rate risks. We cannot assure you, however, that our financial risk management program will be successful in reducing the risks inherent in exposures to interest rate fluctuations. In addition, our exposure to fluctuating interest rates has increased as a result of the indebtedness we assumed in connection with the acquisition of CCE’s North American business. Our interest expense may also be affected by our credit ratings. In assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as the aggregate balance sheet and other financial information for the Company. In addition, some credit rating agencies also consider financial information for certain major bottlers. It is our expectation that the credit rating agencies will continue using this methodology. If our credit ratings were to be downgraded as a result of changes in our capital structure; our major bottlers’ financial performance; changes in the credit rating agencies’ methodology in assessing our credit strength; the credit agencies’ perception of the impact of the continuing unfavorable credit conditions on our or our major bottlers’ current or future financial performance and financial condition; or for any other reason, our cost of borrowing could increase. Additionally, if the credit ratings of certain bottlers in which we have equity method investments were to be downgraded, such bottlers’ interest expense could increase, which would reduce our equity income.

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

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

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

We derive a significant portion of our net operating revenues from sales of concentrates and syrups to our bottling partners and, therefore, the success of our business depends on our bottling partners’ financial strength and profitability. While under our bottling partners’ agreements we generally have the right to unilaterally change the prices we charge for our concentrates and syrups, our ability to do so may be materially limited by our bottling partners’ financial condition and their ability to pass price increases along to their customers. In addition, we have investments in certain of our bottling partners, which we account for under the equity method, and our operating results include our proportionate share of such bottling partners’ income or loss. Our bottling partners’ financial condition is affected in large part by conditions and events that are beyond our and their control, including competitive and general market conditions in the territories in which they operate, the availability of capital and other financing resources on reasonable terms, loss of major customers, or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest or natural disasters. A deterioration of the financial condition or results of operations of one or more of our major bottling partners could adversely affect our net operating revenues from sales of concentrates and syrups; could result in a decrease in our equity income; and could negatively affect the carrying values of our investments in bottling partners, resulting in asset write-offs.
Increases in income tax rates or changes in income tax laws could have a material adverse impact on our financial results.

We are subject to income tax in the United States and in numerous other jurisdictions in which we generate net operating revenues. Increases in income tax rates could reduce our after-tax income from affected jurisdictions. In addition, there have been proposals to reform U.S. tax laws that could significantly impact how U.S. multinational corporations are taxed on foreign earnings. We earn a substantial portion of our income in foreign countries. Although we cannot predict whether or in what form these proposals will pass, several of the proposals being considered, if enacted into law, could have a material adverse impact on our tax expense and cash flow.

Increased or new indirect taxes in the United States or in one or more of our other major markets could negatively affect our business.

Our business operations are subject to numerous duties or taxes that are not based on income, sometimes referred to as “indirect taxes,” including import duties, excise taxes, sales or value-added taxes, property taxes and payroll taxes, in many of the jurisdictions in which we operate, including indirect taxes imposed by state and local governments. In addition, in early 2009, as part of the proposed health care reform legislation, the United States Congress considered imposing a federal excise tax on beverages sweetened with sugar, HFCS or other nutritive sweeteners to offset part of the cost of implementing the proposed legislation. The proposed federal excise tax would have applied to our sparkling, juice and juice drink and sports beverages. While this proposal was not included in the health care legislation signed into law in March 2010, there is no assurance that similar proposals will not be reintroduced in the future. In addition, as federal, state and local governments experience significant budget deficits, some lawmakers have proposed singling out beverages among a plethora of revenue-raising items. Increases in or the imposition of new indirect taxes on our business operations or products would increase the cost of products or, to the extent levied directly on consumers, make our products less affordable.

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

Many of our associates at our key manufacturing locations and bottling plants are covered by collective bargaining agreements. With the acquisition of CCE’s North American business on October 2, 2010, the number of our associates in North America represented by labor unions has substantially increased to approximately 18,600 as of December 31, 2010. If we are unable to renew collective bargaining agreements on satisfactory terms, our labor costs could increase, which would affect our profit margins. In addition, many of our bottling partners’ employees are represented by labor unions. Strikes, work stoppages or other forms of labor unrest at any of our major manufacturing facilities or at our or our major bottlers’ plants could impair our ability to supply concentrates and syrups to our bottling partners or our bottlers’ ability to supply finished beverages to customers, which would reduce our revenues and could expose us to customer claims.

Increase in the cost, disruption of supply or shortage of energy could affect our profitability.

CCR, our North America bottling and customer service organization, and our Company-owned or controlled bottlers operate a large fleet of trucks and other motor vehicles to distribute and deliver beverage products to customers. In addition, we use a significant amount of electricity, natural gas and other energy sources to operate our concentrate plants and the bottling plants and distribution facilities operated by CCR and our Company-owned or controlled bottlers. An increase in the price, disruption of supply or shortage of fuel and other energy sources in North America, in other countries in which we have concentrate plants or in any of the major markets in which our Company-owned or controlled bottlers operate that may be caused by increasing demand or by events such as natural disasters, power outages or the like would increase our operating costs and negatively impact our profitability.

Our bottling partners also operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to their own customers and use a significant amount of electricity, natural gas and other energy sources to operate their own bottling plants and distribution facilities. Increases in the price, disruption of supply or shortage of fuel and other energy sources in any of the major markets in which our bottling partners operate would increase the affected bottling partners’ operating costs and could indirectly negatively impact our results of operations.
Increase in the cost, disruption of supply or shortage of ingredients or packaging materials could harm our business.

We and our bottling partners use various ingredients in our business, including HFCS, sucrose, aspartame, saccharin, acesulfame potassium, sucralose, ascorbic acid, citric acid, phosphoric acid and orange and other fruit juice concentrates, as well as packaging materials such as PET for bottles and aluminum for cans. The prices for these ingredients and packaging materials fluctuate depending on market conditions. Substantial increases in the prices of our or our bottling partners’ ingredients and packaging materials, to the extent they cannot be recouped through increases in the prices of finished beverage products, would increase our and the Coca-Cola system’s operating costs and could reduce our profitability. Increases in the prices of our finished products resulting from higher ingredient and packaging material costs could affect affordability in some markets and reduce Coca-Cola system sales. In addition, some of these ingredients, such as aspartame, acesulfame potassium, sucralose, saccharin and ascorbic acid, as well as some of the packaging containers, such as aluminum cans, are available from a limited number of suppliers, some of which are located in countries experiencing political or other risks. We cannot assure you that we and our bottling partners will be able to maintain favorable arrangements and relationships with these suppliers. An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, packaging materials or cans and other containers that may be caused by a deterioration of our or our bottling partners’ relationships with suppliers; by supplier quality and reliability issues; or by events such as natural disasters, power outages, labor strikes, political uncertainties or governmental instability, or the like, could negatively impact our net revenues and profits. Because manufacturing and bottling operations are heavy users of ingredients and packaging materials, our Company’s direct exposure to the risk of an increase in the cost, disruption of supply or shortage of ingredients or packaging materials has increased as a result of our acquisition of CCE’s North American business.

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

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

Significant additional labeling or warning requirements may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements relating to the content or perceived adverse health consequences of certain of our products. If these types of requirements become applicable to one or more of our major products under current or future environmental or health laws or regulations, they may inhibit sales of such products. One such law, which is in effect in California and is generally known as Proposition 65, requires that a warning appear on any product sold in California that contains a substance that, in the view of the state, causes cancer or birth defects. The state maintains lists of these substances. This law exposes all food and beverage producers to the possibility of having to provide warnings on their products in California because it recognizes no generally applicable quantitative thresholds below which a warning is not required. Consequently, the detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. One or more substances that are currently on the Proposition 65 lists, or that may be added in the future, can be detected in Company products at low levels that are safe. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of the product in question exposes consumers to a daily quantity of a listed substance that is below a “safe harbor” threshold that may be established, is naturally occurring, is the result of necessary cooking, or is subject to another applicable exception. One of the two listed substances that can presently be detected in a Company product has been shown to be naturally occurring. As to the other, the state has proposed, but not yet finally established, an inappropriately low safe harbor level that is still subject to public comment.
and to potential legal challenge. If we were required to add warning labels under Proposition 65 on one or more of our beverage products produced for sale in California, the resulting consumer reaction to the warnings and possible adverse publicity could negatively affect our sales both in California and in other markets.

Unfavorable general economic conditions in the United States or in other major markets could negatively impact our financial performance.

Unfavorable general economic conditions, such as a recession or economic slowdown in the United States or in one or more of our other major markets, could negatively affect the affordability of, and consumer demand for, some of our beverages. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our beverages to lower-priced products offered by other companies, including private label brands. Softer consumer demand for our beverages in the United States or in other major markets could reduce the Coca-Cola system’s profitability and could negatively affect our financial performance.

Unfavorable economic and political conditions in international markets could hurt our business.

We derive a significant portion of our net operating revenues from sales of our products in international markets. In 2010, our operations outside the United States accounted for approximately $24.5 billion of our net operating revenues. Unfavorable economic and political conditions in certain of our international markets, including civil unrest and governmental changes, could undermine consumer confidence and reduce consumers’ purchasing power, thereby reducing demand for our products. In addition, product boycotts resulting from political activism could reduce demand for our products, while restrictions on our ability to transfer earnings or capital across borders which may be imposed or expanded as a result of political and economic instability could impact our profitability. Without limiting the generality of the preceding sentences, the unfavorable business environment in Venezuela, the current unstable economic and political conditions and civil unrest and political activism in the Middle East, India, Pakistan or the Philippines, the civil unrest and potential instability in Egypt and other countries in North Africa; the unstable situation in Iraq or the continuation or escalation of terrorist activities could adversely impact our international business.

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

We are party to various litigation claims and legal proceedings. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. We caution you that actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. In addition, we have bottling and other business operations in markets with high-risk legal compliance environments. Our policies and procedures require strict compliance by our associates and agents with all United States and local laws and regulations applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, we cannot assure you that our policies, procedures and related training programs will always ensure full compliance by our associates and agents with all applicable legal requirements. Improper conduct by our associates or agents could damage our reputation in the United States and internationally or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines, as well as disgorgement of profits.

Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

If we are unable to maintain our brand image and corporate reputation, our business may suffer.

Our success depends on our ability to maintain brand image for our existing products and effectively build up brand image for new products and brand extensions. We cannot assure you, however, that additional expenditures and our continuing commitment to advertising and marketing will have the desired impact on our products’ brand image and on
consumer preferences. Product quality issues, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. Allegations of product contamination, even if untrue, may require us from time to time to recall a beverage or other product from all of the markets in which the affected production was distributed. Product recalls could negatively affect our profitability and brand image. In some emerging markets, the production and sale of counterfeit or “spurious” products, which we and our bottling partners may not be able to fully combat, may damage the image and reputation of our products. Also, adverse publicity surrounding obesity and health concerns related to our products, water usage, labor relations and the like, and campaigns by activists attempting to connect our system to environmental issues, water shortages or workplace or human rights violations in certain countries in which we operate, could negatively affect our Company’s overall reputation and our products’ acceptance by consumers.

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

Our Company’s business is subject to various laws and regulations in the numerous countries throughout the world in which we do business, including laws and regulations relating to competition, product safety, advertising and labeling, container deposits, recycling or stewardship, the protection of the environment, and employment and labor practices. In the United States, the production, distribution and sale of many of our products are subject to, among others, the Federal Food, Drug, and Cosmetic Act, the Federal Trade Commission Act, the Lanham Act, state consumer protection laws, the Occupational Safety and Health Act, various environmental statutes, as well as various state and local statutes and regulations. Outside the United States, the production, distribution, sale, advertising and labeling of many of our products are also subject to various laws and regulations. Changes in applicable laws or regulations or evolving interpretations thereof, including increased government regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change or to limit or eliminate the use of bisphenol-A, or BPA (an odorless, tasteless food-grade chemical commonly used in the food and beverage industries as a component in the coating of the interior of cans), may result in increased compliance costs, capital expenditures and other financial obligations for us and our bottling partners, which could affect our profitability or impede the production or distribution of our products, which could affect our net operating revenues. In addition, failure to comply with environmental, health or safety requirements and other applicable laws or regulations could result in the assessment of damages, the imposition of penalties, suspension of production, changes to equipment or processes or a cessation of operations at our or our bottling partners’ facilities, as well as damage to our and the Coca-Cola system’s image and reputation, all of which could harm our and the Coca-Cola system’s profitability.

Changes in accounting standards could affect our reported financial results.

New accounting standards or pronouncements that may become applicable to our Company from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported results for the affected periods.

If we are not able to achieve our overall long-term goals, the value of an investment in our Company could be negatively affected.

We have established and publicly announced certain long-term growth objectives. These objectives were based on our evaluation of our growth prospects, which are generally based on volume and sales potential of many product types, some of which are more profitable than others, and on an assessment of the potential price and product mix. There can be no assurance that we will achieve the required volume or revenue growth or the mix of products necessary to achieve our long-term growth objectives.

If we are unable to protect our information technology infrastructure against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution and invoicing and collection of payments for concentrate or finished products. We use enterprise information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax
requirements. In addition, we depend on our information technology infrastructure for digital marketing activities and
electronic communications among our locations around the world and between Company personnel and our bottlers
and other customers and suppliers. Our information technology systems, some of which are managed by third-parties,
may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing
software, databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer
hackers, telecommunication failures, user errors or catastrophic events. In addition, security breaches could result in
unauthorized disclosure of confidential information. If our information technology systems suffer severe damage,
disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we
may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments
for concentrate or finished products, and could experience delays in reporting our financial results. In addition, if we
are unable to prevent security breaches, we may suffer financial and reputational damage because of lost or
misappropriated confidential information belonging to us or to our bottling partners, customers or suppliers.

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

We assess our goodwill, trademarks and other intangible assets as well as our other long-lived assets as and when
required by accounting principles generally accepted in the United States to determine whether they are impaired and,
if they are, we record appropriate impairment charges. Our equity method investees also perform impairment tests, and
we record our proportionate share of impairment charges recorded by them adjusted, as appropriate, for the impact of
items such as basis differences, deferred taxes and deferred gains. For example, in 2010 we recorded charges of
approximately $41 million to other income (loss) — net related to other-than-temporary impairments of available-for-
sale securities and an equity method investment; in 2009 we recorded charges of approximately $40 million related to
asset impairments due to 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, and charges of approximately $27 million to other income (loss) — net
due to an other-than-temporary decline in the fair value of a cost method investment; and in 2008 we recorded charges of
approximately $1.6 billion to equity income (loss) — net, representing our proportionate share of impairment charges
recorded by CCE, and a charge of approximately $81 million to other income (loss) — net related to
other-than-temporary declines in the fair value of certain available-for-sale securities. It is possible that we may be
required to record significant impairment charges or our proportionate share of significant charges recorded by equity
investees in the future and, if we do so, our operating or equity income could be materially adversely affected.

If we do not successfully integrate and manage our Company-owned or controlled bottling operations, our results could suffer.

From time to time we acquire or take control of bottling operations, often in underperforming markets where we
believe we can use our resources and expertise to improve performance. We may incur unforeseen liabilities and
obligations in connection with acquiring, taking control of or managing bottling operations and may encounter
unexpected difficulties and costs in restructuring and integrating them into our Company's operating and internal
control structures. We may also experience delays in extending our Company's internal control over financial reporting
to newly acquired or controlled bottling operations, which may increase the risk of failure to prevent misstatements in
such operations' financial records and in our consolidated financial statements. In 2010, net operating revenues
generated by our Bottling Investments group (which includes Company-owned or controlled bottling operations other
than those managed by CCR) represented approximately 23 percent of our Company's consolidated net operating
revenues. Our financial performance depends in large part on how well we can manage and improve the performance
of Company-owned or controlled bottling operations. We cannot assure you, however, that we will be able to achieve
our strategic and financial objectives for such bottling operations. If we are unable to achieve such objectives, our
consolidated results could be negatively affected.

Climate change may negatively affect our business.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of
carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around
the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in
certain regions as a result of changing weather patterns may limit availability or increase the cost of key agricultural
commodities, such as sugarcane, corn, beets, citrus, coffee and tea, which are important ingredients for our products.
Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our
supply chain or impact demand for our products. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for our system’s bottling operations. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

*Global or regional catastrophic events could impact our operations and financial results.*

Because of our global presence and worldwide operations, our business can be affected by large-scale terrorist acts, especially those directed against the United States or other major industrialized countries; the outbreak or escalation of armed hostilities; major natural disasters; or widespread outbreaks of infectious diseases such as H1N1 influenza, avian influenza or severe acute respiratory syndrome (generally known as SARS). Such events could impair our ability to manage our business around the world, could disrupt our supply of raw materials, and could impact production, transportation and delivery of concentrates, syrups and finished products. In addition, such events could cause disruption of regional or global economic activity, which can affect consumers’ purchasing power in the affected areas and, therefore, reduce demand for our products.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

**ITEM 2. PROPERTIES**

Our worldwide headquarters is located on a 35-acre office complex in Atlanta, Georgia. The complex includes the approximately 621,000 square foot headquarters building and an approximately 870,000 square foot building in which CCNA’s and CCR’s main offices are located. The complex also includes several other buildings, including the approximately 264,000 square foot Coca-Cola Plaza building, technical and engineering facilities, a learning center and a reception center. We also own an office and retail building at 711 Fifth Avenue in New York, New York. These properties are primarily included in the Corporate operating segment.

We own or lease additional facilities, real estate and office space throughout the world which we use for administrative, manufacturing, processing, packaging, packing, storage, warehousing, distribution and retail operations. These properties are generally included in the geographic operating segment in which they are located.

In North America, as of December 31, 2010, we owned 65 beverage production facilities, 10 principal beverage concentrate and/or syrup manufacturing plants, one facility that manufactures juice concentrates for foodservice use and four bottled water facilities; we leased one bottled water facility and one beverage production facility; and we operated 299 principal beverage distribution warehouses of which 112 are leased and the rest are owned. Also included in the North America operating segment is a portion of the Atlanta office complex.

Additionally, as of December 31, 2010, our Company owned and operated 20 principal beverage concentrate manufacturing plants outside of North America, of which four are included in the Eurasia and Africa operating segment, three are included in the Europe operating segment, five are included in the Latin America operating segment, and eight are included in the Pacific operating segment.

We own or hold a majority interest in or otherwise consolidate under applicable accounting rules bottling operations that, as of December 31, 2010, owned 98 principal beverage bottling and canning plants located throughout the world. These plants are included in the Bottling Investments operating segment.

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