



Contact:  
Scott Williamson  
T 404.676.3288  
swilliamson@coca-cola.com

The Coca-Cola Company  
Global Public Affairs &  
Communications Department  
P.O. Box 1734  
Atlanta, GA 30301  
T +01 404.676.2683

## News Release

### **MAJOR BOTTLER ARCA CONTINENTAL TO JOIN U.S. COCA-COLA SYSTEM THROUGH NEW AGREEMENTS WITH THE COCA-COLA COMPANY AND COCA-COLA BOTTLING COMPANY UNITED**

*The Coca-Cola Company to Hold 20% Stake  
In Planned Arca Continental Beverages Business,  
With Operations to Encompass New Territories in the United States,  
Plus Existing Territories in Mexico, Argentina, Ecuador and Peru*

*Joint Venture Between New Arca Continental Beverages Business in the United States  
And Coca-Cola Bottling Company UNITED  
To Operate Territories in Texas and Parts of Oklahoma, New Mexico and Arkansas*

*Ozarks Coca-Cola Bottling Company to Acquire Territory  
In Northwest Arkansas and Portions of Kansas and Oklahoma*

**ATLANTA – MAY 25, 2016** – The Coca-Cola Company today announced that it has signed letters of intent to rebrand bottling operations that serve a large area of the United States.

The transactions include territories in Texas and parts of Oklahoma, New Mexico and Arkansas, which is an area currently known as the Southwest operating unit of Coca-Cola Refreshments (CCR).

Under letters of intent announced today, The Coca-Cola Company will contribute the Southwest operating unit, including distribution and production operations, in exchange for a 20% equity stake in a new, privately held entity. This entity, AC Beverages, will also include all of Arca Continental's existing beverage businesses in Latin America. Arca Continental, which is based in Monterrey, Mexico, will continue to be publicly traded on the Mexican Stock Exchange.

Coca-Cola Bottling Company UNITED, based in Birmingham, Ala., will become a joint-venture partner in the U.S. operations of AC Beverages. Arca Continental will have the majority stake in this U.S. joint venture, where both companies will work hand-in-hand with local teams in a solid partnership to benefit the important markets in which they participate.

UNITED will acquire from The Coca-Cola Company the majority of its remaining territory in Oklahoma. UNITED will contribute that territory, along with cash, to its U.S. joint venture with AC Beverages. UNITED will continue to independently operate all of its other territories, which are outside of its joint venture with AC Beverages.

Separately, Ozarks Coca-Cola Bottling Company of Springfield, Mo., has signed a letter of intent to acquire territories owned by The Coca-Cola Company in northwest Arkansas and small areas in Kansas and Oklahoma.

The letters of intent announced today mark another key milestone as The Coca-Cola Company continues to rebrand Company-owned North American bottling territories. This work is expected to be completed by the end of 2017.

“These are important agreements that will bring a valued, new partner into the U.S. Coca-Cola system,” said J. Alexander “Sandy” Douglas Jr., President, Coca-Cola North America. “Arca Continental is a strong Coca-Cola bottler that has done a great job developing and sharing best practices in its long-standing history. Arca Continental will be a tremendous partner with UNITED in serving a major region of the United States, and the companies will benefit from having contiguous borders for their territories. The Coca-Cola Company is also pleased to gain an additional equity stake in an international bottler that is vital to our long-term success.”

Currently, Arca Continental is the second-largest Coca-Cola bottler in Latin America and the third-largest independent bottler in the world in terms of unit case volume.

“These initial agreements with The Coca-Cola Company and Coca-Cola Bottling Company UNITED, recognized by its outstanding performance in the U.S. market, strengthen Arca Continental's commitment to create value in the sustainable and profitable way that has distinguished us throughout our history,” said Manuel L. Barragan Morales, Chairman of the Board of Arca Continental. “Led by proven leadership from across our organizations, together we will be well-positioned to further enhance service to the customers and consumers in a region of great importance for the Coca-Cola system, while driving profitable growth in multiple beverage categories.”

“UNITED is very excited to join with Arca Continental – a partner for whom we have great respect – in this new joint venture that combines our experience, global best practices and locally-focused operating strategy with CCR’s very capable and committed local operating teams,” said Claude Nielsen, Chairman of Coca-Cola Bottling Company UNITED. “These franchises in Texas, Oklahoma, New Mexico and Arkansas bring very dynamic markets with strong potential for growth.”

The AC Beverages/UNITED joint venture will be based in the United States. It will become a member of the National Product Supply Group (NPSG). The NPSG, as previously announced, will administer key activities for member bottlers, including production of cold-fill beverages. The NPSG is governed by a board comprised of representatives from its current members, which are Coca-Cola North America, Coca-Cola Refreshments, Coca-Cola Bottling Co. Consolidated, Coca-Cola Bottling Company UNITED and Swire Coca-Cola, USA.

The AC Beverages/UNITED joint venture will own 11 cold-fill production facilities. Nine are in Texas. Those facilities are located in El Paso, Dallas, Fort Worth, San Antonio, McAllen, Abilene and Nacogdoches, plus two in Houston. The other two facilities are in Oklahoma City and Okmulgee, Okla.

### **21<sup>st</sup> Century Beverage Partnership Model History**

In North America, The Coca-Cola Company began working with its bottling partners a decade ago on plans to develop a model that evolves the system to serve the changing customer and consumer landscape, with a focus on creating stronger system alignment. A critical step was the Company’s acquisition of the North American territories of Coca-Cola Enterprises in 2010.

Since that deal closed, The Coca-Cola Company has accelerated the implementation of the new model by strategically addressing the bottling system, customer service, product supply and a common information technology platform.

Ultimately, the Coca-Cola system in North America will be comprised of economically aligned bottling partners that have the capability to serve major customers, coupled with the ability to maintain strong, local ties across diverse markets in the United States and Canada.

So far, the Company has reached definitive agreements or signed letters of intent to rebrand territories that account for approximately 60% of bottler-delivered distribution volume and 41 of the 51 cold-fill production facilities in the United

States. The Company expects to complete its North American refranchising initiative by the end of 2017.

The new transactions announced today are subject to The Coca-Cola Company and the companies involved reaching definitive agreements. The proposed transactions between The Coca-Cola Company and Arca Continental, as well as the joint venture between Arca Continental and Coca-Cola Bottling Company UNITED, are subject to approval of AC's shareholders, the obtaining of regulatory approvals and other customary conditions. The parties are committed to working together to implement a smooth transition with minimal disruption for customers, consumers and system associates. Financial terms are not being disclosed. The transactions are expected to close in the first half of 2017.

### **About The Coca-Cola Company**

The Coca-Cola Company (NYSE: KO) is the world's largest beverage company, refreshing consumers with more than 500 sparkling and still brands and more than 3,800 beverage choices. Led by Coca-Cola, one of the world's most valuable and recognizable brands, our company's portfolio features 20 billion-dollar brands, 18 of which are available in reduced-, low- or no-calorie options. Our billion-dollar brands include Diet Coke, Coca-Cola Zero, Fanta, Sprite, Dasani, vitaminwater, Powerade, Minute Maid, Simply, Del Valle, Georgia and Gold Peak. Through the world's largest beverage distribution system, we are the No. 1 provider of both sparkling and still beverages. More than 1.9 billion servings of our beverages are enjoyed by consumers in more than 200 countries each day. With an enduring commitment to building sustainable communities, our company is focused on initiatives that reduce our environmental footprint, create a safe, inclusive work environment for our associates, and enhance the economic development of the communities where we operate. Together with our bottling partners, we rank among the world's top 10 private employers with more than 700,000 system associates. For more information, visit Coca-Cola Journey at [www.coca-colacompany.com](http://www.coca-colacompany.com), follow us on Twitter at [twitter.com/CocaColaCo](https://twitter.com/CocaColaCo), visit our blog, Coca-Cola Unbottled, at [www.coca-colablog.com](http://www.coca-colablog.com) or find us on LinkedIn at [www.linkedin.com/company/the-coca-cola-company](http://www.linkedin.com/company/the-coca-cola-company).