



## CNBV Filing

**Monterrey, Mexico, February 8, 2017.** - Arca Continental, S.A.B. de C.V. ("Arca Continental" or "the Company") (BMV: AC), the second largest Coca-Cola bottler in Latin America, in accordance with the filings dated May 25 and September 30, 2016, announces it has reached a definitive agreement with The Coca-Cola Company ("TCCC") to be the sole franchise bottler of the Southwest United States, including Texas and parts of Oklahoma, New Mexico and Arkansas, including nine production facilities (the "Territory").

To carry out the agreement, Arca Continental will contribute to its Mexican subsidiary, named AC Bebidas, S. de R.L. de C.V. ("AC Bebidas"), the shares of its beverage business currently operating in Mexico, Argentina, Peru and Ecuador.

In addition, Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly-owned subsidiary of TCCC, will contribute to AC Bebidas 100% of the equity of Coca-Cola Southwest Beverages LLC, a US-based company that will have the exclusive right to bottle, distribute and sell within the Territory the portfolio owned by or licensed to TCCC, and it will own the assets for the operation of this business in the Territory. The estimated annual sales of the Territory are US\$2.35 billion.

As a result of the above, Arca Continental will have an 80% equity stake of AC Bebidas, and CCR will hold the remaining 20%. The approximate value of CCR's stake in AC Bebidas as of today is US\$2.70 billion and is subject to normal closing adjustments for this type of transaction.

This definitive agreement has been approved by the Boards of Directors of both companies and is subject to customary closing conditions, as well as corporate and regulatory approvals, including Mexico's antitrust authority, The *Comision Federal de Competencia Economica* and AC's shareholders to be convened in due course. Arca Continental will publish an information memorandum describing the transaction, in accordance with all applicable legal provisions once it has the necessary information.

The transaction is expected to close during the second quarter of 2017.

Manuel L. Barragán Morales, Chairman of the Board of Arca Continental, commented, "this historic integration reaffirms the work and mutual trust we have strengthened for more than 90 years with The Coca-Cola Company and we will develop important competitive advantages for the benefit of customers, consumers, employees, the community and our shareholders."

Francisco Garza Egloff, Chief Executive Officer of the Company, emphasized "this landmark agreement further expands our geographic diversification and significantly strengthens our commitment to profitable growth and generation of shared value in all territories where we operate."



**ARCACONTINENTAL**



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**About Arca Continental**

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador and Wise in the U.S. with an outstanding history spanning more than 90 years. Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Within its Coca-Cola franchise territory, the Company serves over 83 million consumers in Northern and Western Mexico, Ecuador, Peru and Northern Argentina. The Company's shares trade on the Mexican Stock Exchange under the ticker symbol "AC". For more information on Arca Continental, please visit [www.arcacontal.com](http://www.arcacontal.com).