

The Coca-Cola Company Completes Refranchising of Company-Owned Bottling Operations in the United States

Final Deals Close with Liberty Coca-Cola Beverages, Reyes Coca-Cola Bottling and Swire Coca-Cola USA, Returning Ownership of U.S. Bottling Operations to Local Partners

ATLANTA--(BUSINESS WIRE)-- Nearly a decade ago, The Coca-Cola Company began a journey to reshape its bottling system in North America with a plan to return the ownership of bottling operations to where they best perform – in the hands of local bottling partners. Today, the company marks a major milestone as nearly 70 independent Coca-Cola bottlers across the United States are now running their trucks and bottling operations as a fully refranchised system.



Three major territory closings occurred over the weekend to reach this historic milestone:

- **Liberty Coca-Cola Beverages**, a new bottler, began operations in New York, New Jersey and the metro Philadelphia area. This is the former Tri-State Metro Operating Unit of Coca-Cola Refreshments (CCR).
- **Reyes Coca-Cola Bottling** took on new bottling territories in

Coca-Cola's U.S. bottling business has transformed from a largely company-owned system in 2013 to one that is now operated by a diverse and highly capable group of local business owners. (Graphic: Business Wire)

California and Nevada, which were previously operated by CCR. Reyes added to its existing operations in parts of six Midwestern states, including the cities of Chicago, Detroit, Minneapolis and Milwaukee.

- **Swire Coca-Cola, USA** closed on an additional production facility in Colorado, adding to its existing bottling operations across six Western states.

With the closing of these U.S. transactions, Coca-Cola North America has completed the company's largest refranchising initiative. The company and its U.S. bottling partners have

worked together to execute 60 transitions, which include 350 distribution centers, over 50 production facilities, over 55,000 employees and over 1.3 billion physical cases of volume.

A fully refranchised system in the United States finalizes the installation of Coca-Cola's 21st Century Beverage Partnership Model. This transition has built an agile system to deliver value to customers with scale across supply chain, information technology and customer support through independent, local companies that know their communities and customers best.

"We are reshaping our business and accelerating our transformation to become a total beverage company," said J. Alexander "Sandy" Douglas, Jr., president of Coca-Cola North America. "Our system is built to respond to consumers' needs in a fast-moving and highly competitive environment. Returning the local part of our business to where it really belongs and will best perform – in the hands of local companies – is a key enabler of the exciting transformation and growth of our business."

The U.S. Coca-Cola system is now made up of a diverse array of independent bottlers, from multinational owners to decades-old, family-held operations. This new system is working to reinvent the future of the business, especially in key areas such as portfolio diversification, packaging innovation, production, procurement, technology and pricing. Most new or expanding bottlers are hiring more people and investing in plants and equipment. The new system also operates on a new IT platform that enhances efforts to digitize the Coca-Cola system and significantly improves the ability to coordinate and manage information across bottling partners at both local and national levels.

"Transforming to our new 21st Century Beverage Partnership Model makes our routes to market and our national and local partner touch points stronger than they've ever been," said Todd Beiger, senior vice president, System Transformation, Coca-Cola North America. "The energy brought by our system partners during the refranchising process has been truly inspiring, and we're excited to carry the momentum into our new operating model."

Added Bruce Karinshak, vice president, System Transformation, Coca-Cola North America: "Bottlers bring a personal and local touch to their relationships, which is critical to the success of our newly transformed system and the competitive advantage to our business. A tremendous amount of time and effort was required over the years for the transition to our 21st Century Beverage Partnership Model, and with the collective teamwork and passion between the company, CCR and bottling partners, the transitions have been impressively seamless."

21st Century Beverage Partnership Model History

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. 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.

Coca-Cola North America's refranchising plan will conclude with the completion of transactions in Canada and the U.S. Virgin Islands, which are anticipated in the first half of

2018.

About The Coca-Cola Company

The Coca-Cola Company (NYSE: KO) is the world's largest total beverage company, offering over 500 brands to people in more than 200 countries. Of our 21 billion-dollar brands, 19 are available in lower- and no-sugar options to help people everywhere more easily control added sugar. In addition to our namesake Coca-Cola drinks, some of our household names around the world include: AdeS soy-based beverages, Ayataka green tea, Dasani waters, Del Valle juices and nectars, Fanta, Georgia coffee, Gold Peak teas and coffees, Honest Tea, Minute Maid juices, Powerade sports drinks, Simply juices, smartwater, Sprite, vitaminwater, and Zico coconut water. At Coca-Cola, we're serious about making positive contributions to our world. That starts with reducing sugar in our drinks and bringing new and different drinks to people everywhere. It also means continuously working to reduce our environmental impact, creating rewarding careers for our associates, and bringing economic opportunity wherever we operate. In fact, together with our bottling partners, we employ more than 700,000 people around the world. For more information, visit our digital magazine Coca-Cola Journey at www.coca-colacompany.com and follow The Coca-Cola Company on [Twitter](#), [Instagram](#), [Facebook](#) and [LinkedIn](#).

Forward-Looking Statements

This press release may contain statements, estimates or projections that constitute "forward-looking statements" as defined under U.S. federal securities laws. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from The Coca-Cola Company's historical experience and our present expectations or projections. These risks include, but are not limited to, obesity and other health-related concerns; water scarcity and poor quality; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality concerns; perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials; an inability to be successful in our innovation activities; increased demand for food products and decreased agricultural productivity; changes in the retail landscape or the loss of key retail or foodservice customers; an inability to expand operations in emerging and developing 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, changes in income tax laws or unfavorable resolution of tax matters; increased or new indirect taxes in the United States and throughout the world; increased cost, disruption of supply or shortage of energy or fuels; increased cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials; changes in laws and regulations relating to beverage containers and packaging; significant additional labeling or warning requirements or limitations on the marketing or sale of our products; an inability to protect our information systems against service interruption, misappropriation of data or breaches of security; unfavorable general economic conditions in the United States; unfavorable economic and political conditions in international markets; litigation or legal proceedings; failure to adequately protect, or

disputes relating to, trademarks, formulae and other intellectual property rights; adverse weather conditions; climate change; damage to our brand image and corporate reputation from negative publicity, even if unwarranted, related to product safety or quality, human and workplace rights, obesity or other issues; changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations; changes in accounting standards; an inability to achieve our overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of our counterparty financial institutions; an inability to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest; future impairment charges; multi-employer pension plan withdrawal liabilities in the future; an inability to successfully integrate and manage our Company-owned or controlled bottling operations; an inability to successfully manage our refranchising activities; failure to realize the economic benefits from or an inability to successfully manage the possible negative consequences of our productivity initiatives; failure to realize a significant portion of the anticipated benefits of our strategic relationship with Monster; inability to attract or retain a highly skilled workforce; global or regional catastrophic events, including terrorist acts, cyber-strikes and radiological attacks; and other risks discussed in our Company's filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2016 and our subsequently filed Quarterly Reports on Form 10-Q, which filings are available from the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Coca-Cola Company undertakes no obligation to publicly update or revise any forward-looking statements.

The Coca-Cola Company
Lauren Thompson, +01-404-676-2683
LaurenThompson@coca-cola.com

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