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To: whom it may concern

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Coca-Cola East Japan to Make Sendai Coca-Cola Bottling a Wholly-Owned Subsidiary by Means of Simple Share Exchange and Concluded Share Exchange Agreement

Coca-Cola East Japan Co., Ltd. ("CCEJ") and Sendai Coca-Cola Bottling Co., Ltd. ("Sendai Co.") are pleased to announce that their respective Boards of Directors today resolved to conduct a share exchange to make CCEJ the parent company and Sendai Co. its wholly-owned subsidiary (the "Share Exchange") and on the same day both companies executed a share exchange agreement (the "Share Exchange Agreement"). Details are described below.

For the Share Exchange, CCEJ will follow the procedure of a simplified share exchange (*kan-i kabushiki koka*) that does not require an approval at the shareholders meeting of CCEJ, pursuant to Article 796, Paragraph 3 of the Companies Act, while Sendai Co. will seek its shareholders approval at the shareholders meeting of Sendai Co.. Through these steps, the Share Exchange is expected to take effect on April 1, 2015.

1. Purpose of the Share Exchange

CCEJ was formed in July 2013 through the business integration of four Coca-Cola system bottlers in the Kanto and Tokai region (i.e. Coca-Cola Central Japan Co., Ltd., Mikuni Coca-Cola Bottling Co., Ltd., Tokyo Coca-Cola Bottling Co., Ltd. and Tone Coca-Cola Bottling Co., Ltd.). It is now Japan's largest Coca-Cola bottling company, encompassing one contiguous geographic territory representing one of the most dynamic and competitive consumer markets in Japan. The integration of CCEJ has allowed faster decision-making from a commercial and supply chain perspective and improved customer service that leverages the scale of its expanded size and the efficiencies of having one optimized organizational structure.

Sendai Co., since its incorporation in 1962, has been growing as a Coca-Cola system bottler, headquartered in Sendai City with territories in Miyagi, Fukushima and Yamagata Prefectures. With its management philosophy, *"Our growth will never be achieved without the growth of local communities. We aim to be a company trusted by the communities, and we act for the prosperity shared with the communities keeping gratitude and spirit of serving the communities,"* the company is achieving sustainable growth in partnership with the communities in which it operates. Sendai Co. has been taking various strategic measures to ensure stable revenue and continuous growth of its business since setting up its five-year plan called "Sendai New Normal 2016 (SNN 2016)" in its 50th anniversary year of 2012.

CCEJ and Sendai Co. have agreed to consolidate operations to drive greater efficiency and speed in serving customers across the Kanto and East Japan regions. CCEJ has been rapidly integrating its operations in the Kanto and Tokai area since its formation on July 1, 2013 as part of its One+ Roadmap for Growth to ensure it is agile and ready to respond to ongoing changes in the customer, consumer and competitive landscape. Bringing Sendai Co.'s operations into this larger network will strengthen the combined system's route to market and ability to invest for future growth across Eastern Japan.

The two companies, in partnership with Coca-Cola (Japan) Company Limited and as part of the larger bottling system in Japan, have collaborated over time to ensure a strong focus on the consumer and on adapting to changing market needs, as well as continuously improving customer service. By merging through a simplified share exchange, CCEJ and Sendai Co. will be better positioned to secure new business opportunities and achieve sustainable growth in today's more challenging operating environment. Through the integrated operation with unified management resources, CCEJ and Sendai Co. expect to expand their market, strengthen their business platform in East Japan, and optimize their supply chain management, customer service and organizational capabilities, and ultimately improve the enterprise value of the combined company.

2. Outline of the Share Exchange

(1) The schedule

Meeting of the Board of Directors to approve the execution of Share Exchange Agreement (Both companies)	December 16, 2014
Execution of Share Exchange Agreement (Both companies)	December 16, 2014
Effective date of the Share Exchange	April 1, 2015 (tentative)

(Note 1) CCEJ plans to conduct the Share Exchange through simplified share exchange procedure without obtaining approval at its shareholders meeting pursuant to Article 796, Paragraph 3 of the Companies Act.

(Note 2) Sendai Co. plans to seek its shareholders approval at its shareholders meeting.

(Note 3) The abovementioned schedules are subject to change upon discussion with each companies if the changes are required through the share exchange procedures, etc.

(2) The method

In the Share Exchange, CCEJ shall become the wholly owning parent company in share exchange and Sendai Co. shall become the wholly owned subsidiary in share exchange.

(3) The share exchange ratio

	CCEJ (wholly owning parent company in share exchange)	Sendai Co. (wholly owned subsidiary in share exchange)
Share exchange ratio	1	2.563
Number of shares to be delivered	CCEJ shares of common stock: 5,781,166 shares (tentative)	

(Note 1) The share exchange ratio

For each share of Sendai Co. common stock, 2.563 shares of CCEJ common stock will be allotted and delivered. The aforementioned share exchange ratio may be changed through mutual consultation and agreement between both companies in case any underlying condition regarding the calculation basis materially changes.

(Note 2) Number of shares to be delivered by the Share Exchange

For the Share Exchange, CCEJ shall issue 5,781,166 shares (tentative) of common stock and deliver

them to the shareholders of Sendai Co. existing at the time immediately before CCEJ acquiring all of the issued and outstanding shares of Sendai Co. through the Share Exchange (the “Base Time”). Sendai Co. will, based on the resolution at its Board of Directors meeting to be held no later than the day preceding the effective date of the Share Exchange, cancel at the Base Time all of its treasury shares that they would hold at the Base Time (including the treasury shares that Sendai Co. will hold as a result of share purchase from the shareholders who object to the Share Exchange and exercise their appraisal rights). The number of shares to be allotted and delivered in the Share Exchange may be changed in the future due to reasons including the increase or cancellation of treasury shares by Sendai Co.

(Note 3) Handling of shares less than one unit

Any shareholders who would hold CCEJ shares constituting less than one unit (less than 100 shares) as a result of the Share Exchange may use the following systems for CCEJ shares. No shares constituting less than one unit may be sold in any financial instruments exchange.

① Buyback system for shares constituting less than one unit (Disposal of shares constituting less than 100 shares)

This is a system whereby a holder of CCEJ shares constituting less than one unit can make a demand to CCEJ to purchase such shares pursuant to Article 192, Paragraph 1 of the Companies Act.

② Additional purchase system for shares constituting less than one unit (Additional purchase to reach 100 shares)

Under this system, a holder of CCEJ shares constituting less than one unit may demand that CCEJ sell to such shareholder such number of shares required to reach one unit (100 shares) pursuant to Article 194, Paragraph 1 of the Companies Act and the terms of the Articles of Incorporation of CCEJ.

(Note 4) Treatment of fraction less than one share

With respect to shareholders who would be allotted with a fractional share of CCEJ as a result of the Share Exchange, CCEJ shall, in accordance with Article 234 of the Companies Act and any other relevant laws and regulations, sell the number of its shares equivalent to the total sum of the fractions (in case where the total sum includes a fraction of less than one, such fraction shall be rounded off) and shall deliver the proceeds of that sale to the relevant shareholders in proportion to the fractions attributed to them.

(4) Handling of share options and bonds with share option in connection with the Share Exchange

Sendai Co. has issued no Share Options or Bonds with Share Option.

3. Basis for calculation, etc. of the allotment related to the Share Exchange

(1) Basis and reason for calculation of the allotment

In order to secure the fairness and appropriateness of calculation of the share exchange ratio to be used in the Share Exchange, CCEJ appointed Nomura Securities Co., Ltd. (“Nomura Securities”) as the third party financial advisor independent from CCEJ and Sendai Co.

CCEJ carefully reviewed the valuation results of the share exchange ratio submitted by the third party calculation agent by taking into account each company’s financial condition, historical performance, share price trend and other factors. CCEJ then seriously negotiated and discussed with Sendai Co. and both companies concluded that the share exchange ratio provided in the above 2. (3) (the “Share Exchange Ratio”) is appropriate and it will benefit their respective shareholders. Accordingly, the Share Exchange Ratio was confirmed at their respective Board of Directors meeting held today, and the Share Exchange Agreement between CCEJ and Sendai Co. was executed.

The Share Exchange Ratio may be changed through mutual consultation and agreement between both companies in case any underlying condition regarding the calculation basis materially changes.

(2) Matters relating to valuation

(A) Names of financial Advisors and relationships with the parties of the Share Exchange

Nomura Securities, the third party financial advisor for CCEJ is independent from CCEJ and Sendai Co., and is not a related party of CCEJ or Sendai Co., and thus has no material interests that should be noted in the Share Exchange.

(B) Outline of valuation

Since the shares of CCEJ, which are listed on the Tokyo Stock Exchange, have market prices, Nomura Securities adopted the Market Price Analysis for CCEJ in calculating the share exchange ratio. Setting the reference date for calculation on December 15, 2014, Nomura Securities referred to the closing price on the reference date and the average closing prices during one-week and one, three and six-month periods ending on the reference date.

For Sendai Co., which is not listed on any securities exchange but has a number of similar and comparable listed companies thus permitting an estimate of stock values by comparison with such similar companies and a number of similar and comparable transactions exist thus permitting an estimate of stock values by comparison with such similar transactions, Nomura Securities adopted the Comparable Companies Analysis and the Comparable Transactions Analysis. Additionally, Nomura Securities adopted the discounted cash flow analysis (the “DCF Analysis”) to reflect the company’s future business activities in the valuation. There are no fiscal years with material profit increase and/or decrease expected in Sendai Co.’s business plan which Nomura used for the DCF Analysis. The calculated share exchange ratio shown below represents the range of the number of common shares of Sendai Co. corresponding to one common share of CCEJ.

Valuation Method	Valuation Results
Comparable Companies Method	1.40 - 1.83
Comparable Transactions Method	1.86 - 2.19
DCF Method	2.38 - 3.19

In evaluating the share exchange ratio, Nomura Securities basically referred to the information received from each company or the information already in public and assumed that such materials, information, etc. were all accurate and complete, not having independently verified the accuracy and the completeness thereof. Nomura Securities has not independently evaluated, appraised or assessed the assets or liabilities of each company and its affiliate companies (including contingent liabilities), nor has it assigned the valuation, appraisal or assessment to any third party agent. Nomura Securities also assumed that the financial prospect of Sendai Co. had been prepared reasonably based on the best forecast and judgment of the management of Sendai Co. and CCEJ at the time of providing the relevant information.

(3) Measures to secure fairness

In order to ensure fairness and adequacy of the Share Exchange Ratio for the Share Exchange, as already explained in 3. (1) above, CCEJ requested the independent third party financial advisor to calculate a share exchange ratio and received the valuation results. Based on such valuation results,

CCEJ considered, negotiated and discussed with Sendai Co., and both companies concluded to effect the Share Exchange using the agreed Share Exchange Ratio. Neither CCEJ or Sendai Co. has obtained from the third party financial advisors an opinion regarding the fairness of the Share Exchange Ratio (so-called "fairness opinion").

As the legal advisors for the Share Exchange, CCEJ has engaged City-Yuwa Partners and Sendai Co. has engaged Mori Hamada & Matsumoto. Each company receives advice from the relevant legal advisors regarding the share exchange procedures as well as the methods, processes, etc. for decision-making.

4. Outline of the parties of the Share Exchange (as of September 30, 2014)

	Wholly owning parent company in the share exchange	Wholly owned subsidiary in the share exchange
(1) Name	Coca-Cola East Japan Co., Ltd.	Sendai Coca-Cola Bottling Co., Ltd.
(2) Location	6-1-20 Akasaka, Minatoku, Tokyo	2-7-12 Ichibancho, Aoba-ku, Sendai, Miyagi
(3) Name and Title of Representative	Calin Dragan, Representative Director and President	Kyou Suzuki, Representative Director and President
(4) Description of Business	Production and sale of soft drinks	Production and sale of soft drinks
(5) Capital	JPY 6,499 million	JPY 1,142 million
(6) Date of Incorporation	June 29, 2001 (Change in corporate name to Coca-Cola East Japan on July 1, 2013)	June 19, 1962
(7) Number of Shares Issued and Outstanding	121,898,978 shares	2,281,250 shares
(8) Fiscal Year End	December 31	December 31
(9) Number of Employees	Consolidated: 7,891 (as of December 31, 2013)	Consolidated: 739 (as of September 30, 2014)
(10) Principal Customers	Companies, general consumers, etc. in Japan	Companies, general consumers, etc. in Japan
(11) Main Financing Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Bank of Yokohama, Ltd.	The 77 Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Yamagata Bank, Ltd.

(12)	Major Shareholders and Shareholding Ratio	European Refreshments (Coca-Cola (Japan) Co., Ltd. as standing proxy)	16.90%	Kamei Corporation	57.70%	
		Coca-Cola (Japan) Co., Ltd.	13.67%	Saura Co., Ltd.	13.86%	
		Sensyusya Co., Ltd.	4.47%			
		Mitsui & Co., Ltd.(Trust & Custody Service Bank, Ltd. as standing proxy)	4.29%			
		Toyo Seikan Group Holdings, Ltd.	4.20%			
		(as of June 30, 2014)		(as of December 31, 2013)		
(13) Relationship between Both Companies						
	Capital Relations	N/A				
	Personnel Relations	N/A				
	Business Relations	CCEJ and Sendai Co. sell, buy or otherwise trade products with each other.				
	Applicability of “related party (kanren toujisha)”	N/A				
(14) Financial Position and Result of Operations for the Past 3 Years						
Fiscal Year End	CCEJ(Consolidated)			Sendai Co.(Consolidated)		
	December 2011*	December 2012*	December 2013*	December 2011	December 2012	December 2013
Consolidated Net Asset	87,231	87,461	216,191	15,510	15,649	14,444
Consolidated Total Asset	114,719	112,785	314,490	33,993	33,885	35,704
Consolidated Net Asset per share(yen)	1,976.37	1,980.36	1,785.92	6,799.08	6,859.96	6,331.55
Consolidated Sales	193,081	193,794	372,792	55,605	59,432	58,515
Consolidated Operating Income	4,047	3,387	7,581	738	486	67
Consolidated Ordinary Income	3,861	3,274	7,732	552	281	(86)
Consolidated Net Income	1,309	1,630	11,582	(242)	360	(78)
Consolidated Net Income per share(yen)	29.68	36.95	139.70	(106.00)	157.99	(34.09)
Dividend per share(yen)	36	36	32	100	100	100

(in millions of yen, except as otherwise specified)

*2011, 2012 and the first and second quarters of 2013 represent the standalone results of Coca-Cola Central Japan only and the third and fourth quarters of 2013 represent the reported results of the integrated CCEJ.

5. Post-transaction status

	Wholly owning parent company in the share exchange
(1) Name	Coca-Cola East Japan Co., Ltd.
(2) Location	6-1-20 Akasaka, Minatoku, Tokyo
(3) Name and Title of Representative	Calin Dragan, Representative Director and President
(4) Business Description	Production and sale of soft drinks
(5) Capital	JPY 6,499 million
(6) Fiscal Year End	December 31
(7) Net Asset	Not Determined at the moment.
(8) Total Asset	Not Determined at the moment.

6. Outline of the accounting treatment

With respect to CCEJ, the Share Exchange is expected to be treated as "acquisition" under the Accounting Standards for Business Combination. Although the Share Exchange may generate goodwill (or gain on negative goodwill), the relevant amount is not determined as of this date.

7. Outlook

Impact of the Share Exchange on CCEJ's consolidated operating performance is currently being reviewed by CCEJ. If revisions to the operating performance forecast become necessary or there are matters which should be announced, CCEJ will disclose such matters promptly.

END

(Reference) Consolidated Operating Performance: Current year forecast and last year results

CCEJ (made public on November 6, 2014)

(in millions of yen)

	Consolidated Sales	Consolidated Operating Income	Consolidated Ordinary Income	Consolidated Net Income
Forecast of the current period (Year ending in December 2014)	523,000	9,100	9,400	3,200
Result of the last period (Year ending in December 2013)*	372,792	7,581	7,732	11,582

*The comparison period in 2013 includes the reported results of legacy Coca-Cola Central Japan in the first and second quarters of 2013 and the reported results of the integrated CCEJ in the third and fourth quarters of 2013.