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As filed with the Securities and Exchange Commission on April 28, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016

Commission file number 001-13142

Embotelladora Andina S.A.

(Exact name of Registrant as specified in its charter)

Andina Bottling Company
(Translation of Registrant's name in English)

Republic of Chile
(Jurisdiction of incorporation or organization)

Miraflores 9153, 7th Floor
Renca - Santiago, Chile
(Address of principal executive offices)

Paula Vicuña, Tel. (56-2) 2338-0520 E-mail: paula.vicuna@koandina.com
Miraflores 9153, 7th Floor - Renca - Santiago, Chile
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Series A Shares, Series B Shares of Registrant represented by American Depositary Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Series A	Shares 473,289,301
Series B	Shares 473,281,303

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☐ Yes ☒ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards* provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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INTRODUCTION

References

Unless the context otherwise requires, as used in this annual report the following terms have the meanings set forth below:

- the "Company", "we", "Andina" and "Coca-Cola Andina" means Embotelladora Andina S.A. and its consolidated subsidiaries;
- "Andina Brazil" means our subsidiary, Rio de Janeiro Refrescos Ltda. and its subsidiaries;
- "AESA" means our subsidiary, Andina Empaques Argentina S.A.
- "EDASA" means our subsidiary, Embotelladora del Atlántico S.A.;
- "PARESA" means our subsidiary, Paraguay Refrescos S.A.
- "CMF" means our affiliate, Envases CMF S.A.;
- "ECSA" means our affiliate, Envases Central S.A.;
- "Vital Jugos" means our affiliate, Vital Jugos S.A., previously known as Vital S.A.;
- "VASA" means our affiliate, Vital Aguas S.A.;
- "TAR" means our subsidiary, Transportes Andina Refrescos Ltda.
- "TP" means our subsidiary, Transportes Polar S.A.
- "The Coca-Cola Company" means The Coca-Cola Company or any of its subsidiaries, including without limitation Coca-Cola de Chile S.A. ("CC Chile"), which operates in Chile, Recofarma Industrias do Amazonas Ltda. ("CC Brazil"), which operates in Brazil and Servicios y Productos para Bebidas Refrescantes S.R.L. ("CC Argentina"), which operates in Argentina.
- the "Chilean territory" means the Metropolitan Region of Santiago, the Coquimbo region, and the provinces of Cachapoal, San Antonio, Antofagasta, Atacama, Aisén and Magallanes.
- the "Brazilian territory" means the majority of the State of Rio de Janeiro, and the totality of the State of Espírito Santo, part of the state of São Paulo and part of the state of Minas Gerais.
- the "Argentine territory" means the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Rios, Buenos Aires (only San Nicolás and Ramallo), La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego and most of Santa Fe as well as part of the province of Buenos Aires.
- the "Paraguayan territory" means the country of Paraguay.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Unless otherwise specified, references herein to "dollars," "U.S. dollars" or "US$" are to United States dollars; references to "pesos," "Chilean pesos", "Ch$" or "ThCh$" are to Chilean pesos; references to "Argentine pesos" or "AR$" are to Argentine pesos, references to "real" or "reais" or "R$" are to Brazilian reais and references to "guaranies" or "guarani" or "G$" are to Paraguayan Guaranies. References to "UF" are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official consumer price index of the *Instituto Nacional de Estadísticas* (the "Chilean National Institute of Statistics"). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. Certain percentages and amounts contained in this annual report have been rounded for ease of presentation.

In this annual report certain (local currency) amounts have been converted into United States dollars at the rate of Ch$676.68 to the dollar when it is average exchange rate and Ch$669.47 to the dollar when it is year-end exchange rate. Such conversions should not be construed as representations that the (local currency) amounts represent, or have been or could be converted into, United States dollars at that or any other rate.

The Company's Consolidated Financial Statements for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 were prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB").

Special Note Regarding Non-IFRS Financial Measures

This annual report makes reference to certain non-IFRS measures, namely EBIT, EBITDA and Adjusted EBITDA. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

EBIT represents profit attributable to controlling shareholders before net interest expense and income taxes. EBITDA represents EBIT plus depreciation and amortization expense. Adjusted EBITDA represents EBITDA plus other expenses (income), net. We have included EBIT, EBITDA and Adjusted EBITDA to provide investors with a supplemental measure of our operating performance.

We believe EBIT, EBITDA and Adjusted EBITDA are an important supplemental measure of operating performance because they eliminate items that have less bearing on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use EBITDA in the evaluation of issuers, many of which present EBITDA when reporting their results.

Our management also uses EBITDA and Adjusted EBITDA in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, assess our ability to meet our future debt service, capital expenditure and working capital requirements and assess our ability to pay dividends on our capital stock.

EBIT, EBITDA and Adjusted EBITDA have important limitations as analytical tools. For example, neither EBIT, EBITDA nor Adjusted EBITDA reflect (a) our cash expenditures or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) significant interest expense or the cash requirements necessary to service interest or principal payments on our debt; and (d) tax payments or distributions to our parent to make payments with respect to taxes attributable to us that represent a reduction in cash available to us. Although we consider the items excluded in the calculation of non-IFRS measures to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us.

We believe that the presentation of the non-IFRS measures described above is appropriate. However, these non-IFRS measures have important limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under IFRS. Because of these limitations, we primarily rely on our results as reported in accordance with IFRS and use EBIT, EBITDA and Adjusted EBITDA only complementarily. In addition, because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented in this report is not, comparable to similarly titled measures reported by other companies.

Forward-Looking Statements

This annual report includes forward looking statements, principally under the captions, "Item 4. Information on the Company—Business Overview," "Item 3. Key Information—Part D. Risk Factors," and "Item 5. Operating and Financial Review and Prospects." We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Examples of such forward-looking statements include:

- statements of our plans, objectives or goals, including those related to anticipated trends, competition or regulation;
- statements about our future economic performance and that of Chile or other countries in which we operate;
- statements about our exposure to market risks, including interest rate risks, foreign exchange risk and equity price risk; and
- statements of assumptions underlying such statements.

Words such as “believes,” “expects,” “anticipates,” “projects,” “intends,” “should,” “could,” “may,” “seeks,” “aim,” “combined,” “estimates,” “probability,” “risk,” “target,” “goal,” “objective,” “future” or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements may relate to (i) our asset growth and financing plans, (ii) trends affecting our financial condition or results of operations and (iii) the impact of competition and regulations, but are not limited to such topics. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially and adversely from those described in such forward-looking statements included in this annual report as a result of various factors (including, without limitation, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates and operating and financial risks), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

You should understand that the following important factors, in addition to those discussed elsewhere in this annual report, could affect our future results and could cause those results or other outcomes to differ materially and adversely from those expressed in our forward-looking statements:

- changes in general economic, business, political or other conditions in the regions where we operate;
- changes in the legal and regulatory framework of the beverage sector in the regions where we operate;
- the monetary and interest rate policies of the central banks of the countries in which we operate;
- unanticipated movements or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- changes in, or our failure to comply with, laws and regulations in the countries where we operate and applicable foreign laws;
- changes in taxes;
- changes in competition and pricing environments;
- our inability to hedge certain risks economically;
- potential effects of weather conditions, earthquakes, tsunamis or other natural disasters;
- the outcome of litigation against us;
- the nature and extent of competition in the beverage industry in Latin America and the effect of competition on the prices we are able to charge for our products;
- volatility and fluctuations in demand for our products and the effect of such changes on the prices that we are able to charge for our products;
- capital and credit market conditions, including the availability of credit and changes in interest rates;
- delays in the development of our projects, changes to our investment plans due to changes in demand, authorizations, expropriations, etc.;
- actions of our shareholders;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms if at all; and
- the factors described under “Risk Factors” beginning on page 8.

The forward-looking statements contained in this document speak only as of the date of this annual report, and we do not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events**.**

Market Data

We have computed the information contained in this annual report regarding annual volume and per capita growth rates and levels, and market share, product segment, and population data in our bottling territories, based upon accumulated statistics developed by us. Market share information presented with respect to soft drinks, juices, waters and beer is based on data supplied by A.C. Nielsen Company.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following tables present certain summary consolidated and other financial and operating information of Andina at the dates and for the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to our consolidated financial statements, including the notes thereto, included elsewhere in this annual report and our consolidated financial statements, including the notes thereto, included herein.

The summary consolidated financial information as of December 31, 2015 and 2016 and for the years ended December 31, 2014, 2015 and 2016 has been derived from our audited consolidated financial statements as of December 31, 2016 and 2015. The summary consolidated financial information as of December 31, 2012, 2013 and 2014 and for the year ended December 31, 2012 and 2013 has been derived from our audited consolidated financial statements as of and for the years then ended not included herein.

On October 1, 2012, we consummated the acquisition of Polar, which significantly enhanced the size and scope of our company. We began consolidating the results of operations of Polar into our consolidated financial statements as of October 1, 2012. As a result, our consolidated results of operations for the year ended December 31, 2012 are not fully comparable to our consolidated results of operations for previous periods.

On October 11, 2013, Andina Brazil consummated its acquisition of Ipiranga in an all-cash transaction. We began consolidating the results of operations of Ipiranga into our consolidated financial statements as of October 1, 2013. As a result, our consolidated results of operations for the year ended December 31, 2013 are not fully comparable to our consolidated results of operations for previous periods.

Our consolidated financial statements reflect the results of our subsidiaries located in Brazil, Argentina and Paraguay, converted to Chilean pesos (our functional and reporting currency) and are presented in accordance with IFRS. IFRS requires assets and liabilities to be converted from the functional currency of our subsidiaries outside Chile to our reporting currency (Chilean peso) at the end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized. Unless otherwise specified, our financial data is presented herein in Chilean pesos and U.S. dollars.

Our income, cash flow and balance sheet accounts have been converted using the exchange rate at the end of the relevant period.

	Year ended December 31,					
	2012(2)	2013(3)	2014	2015	2016	2016 (1)
		(in million Chilean pesos at December of each year and million US$)				
	Ch$	Ch$	Ch$	Ch$	Ch$	US$
INCOME STATEMENT DATA						
Net sales	1,172,293	1,521,681	1,797,200	1,877,394	1,777,459	2,655
Cost of sales	(698,955)	(914,818)	(1,081,243)	(1,106,706)	(1,033,910)	(1,544)
Gross profit	473,338	606,863	715,957	770,688	743,549	1,111
Other income	2,518	4,386	3,971	472	1761	3
Distribution expenses	(122,819)	(163,023)	(187,043)	(202,491)	(183,677)	(274)
Administrative expenses	(196,355)	(272,556)	(342,141)	(352,601)	(346,203)	(517)
Other expenses	(15,420)	(30,462)	(18,591)	(21,983)	(22,765)	(34)
Other (expense) income, net(4)	(2,336)	740	(4,392)	(6,301)	(3,387)	(5)
Financial income	2,728	4,973	8,656	10,118	9,662	14
Financial expenses	(11,173)	(28,944)	(65,081)	(55,669)	(51,375)	(77)
Share of (loss) profit of investments accounted for using the equity method	1,770	783	1,191	(2,328)	(263)	—
Foreign exchange differences	(4,471)	(7,695)	(2,676)	(2,856)	(68)	—
Loss from differences in indexed financial assets and liabilities	(1,006)	(1,832)	(12,463)	(7,308)	(6,378)	(10)
Net income before income taxes	126,774	113,233	97,388	129,741	140,856	210
Income tax expense	(38,505)	(22,966)	(45,354)	(41,643)	(48,807)	(73)
Net income	88,269	90,267	52,034	88,098	92,049	137
BALANCE SHEET DATA						
Assets						
Current assets:						
Cash and cash equivalents	55,522	79,976	79,514	129,160	141,264	211
Other financial assets	129	36,472	106,577	87,492	60,153	90
Other non-financial assets	18.203	9,696	7,787	8,686	8,601	13
Trade and other accounts receivable, net	152,817	195,434	198,110	176,386	190,524	285
Accounts receivable from related parties	5,324	8,029	5,994	4,611	5,789	9
Inventories	89,320	125,854	149,728	133,333	144,709	216
Current tax assets	2,879	3,990	6,026	7,742	1,702	3
Non-current assets classified as available for sale	2,978	1,133	—	—	—	—
Total current assets	327,172	460,584	553,736	547,410	552,742	826
Non-current assets:						
Other financial assets	—	7,922	51,027	181,491	80,181	120
Other non-financial assets	26,927	28,796	33,057	18,290	35,247	53
Trade and other receivables	6,724	7,631	7,098	5,932	3,528	5
Accounts receivable from related parties	7	19	25	15	148	—
Investments accounted for under the equity method	73,080	68,673	66,050	54,191	77,198	115
Intangible assets other than goodwill	464,582	700,606	728,181	665,666	680,996	1,017
Goodwill	64,793	115,779	116,924	95,836	102,920	154
Property, plant and equipment	576,551	692,950	713,075	640,530	666,151	995
Total non-current assets	1,212,664	1,622,377	1,715,437	1,661,951	1,646,367	2,459
Total assets	1,539,836	2,082,961	2,269,173	2,209,361	2,199,110	3,285
Liabilities						
Current liabilities						
Other financial liabilities	106,248	106,877	83,402	62,218	64,801	97
Trade and other accounts payable	184,318	210,446	228,179	212,526	242,836	363
Accounts payable to related parties	32,727	43,425	55,967	48,653	44,120	66
Provisions	593	270	366	326	683	1
Income taxes payable	1,115	3,679	2,931	7,495	10,829	16
Employee benefits current provisions	19,633	21,440	27,747	31,791	35,653	53
Other non-financial liabilities	737	16,007	11,620	17,565	20,613	31
Total current liabilities	345,371	402,144	410,212	380,574	419,535	627
Non-current liabilities						
Other long-term current financial liabilities	173,880	605,362	726,616	765,299	721,571	1,078
Trade and other payables	1,930	1,262	1,216	9,303	9,510	14
Provisions	6,422	77,542	77,447	63,976	72,399	108
Deferred income tax liabilities	111,415	105,537	126,126	130,202	125,609	188
Post-employment benefit liabilities	7,037	8,759	8,125	8,230	8,158	12
Other non-financial liabilities	176	922	433	243	159	—
Total Non-Current Liabilities	300,860	799,384	939,963	977,253	937,405	1,400
Issued capital	270,737	270,737	270,737	270,737	270,737	404
Retained earnings	239,845	243,193	247,818	274,755	295,709	442
Other reserves	363,582	346,739	378,739	284,982	254,159	380

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	Year ended December 31,					
	2012(2)	2013(3)	2014	2015	2016	2016 (1)
	(in million Chilean pesos at December of each year and million US$)					
Equity attributable to equity holders of the parent	874,164	860,669	897,294	830,474	820,606	1,226
Non-controlling interests	19,441	20,764	21,703	21,060	21,564	32
Total equity	893,605	881,433	918,998	851,534	842,170	1,258
Total liabilities and equity	1,539,836	2,082,961	2,269,173	2,209,361	2,199,110	3,285
CASH FLOW DATA						
Net cash flows generated from Operating Activities	188,857	172,085	215,514	264,909	223,447	334
Net cash flows used in investing activities	(156,170)	(447,550)	(166,776)	(103,131)	(113,916)	(170)
Net cash flows provided by (used in) financing activities	(3,551)	303,106	(46,920)	(98,560)	(98,225)	(147)
Net increase in cash and cash equivalents before exchange differences	29,136	27,641	1,818	63,218	11,306	17
Effects of exchange differences on cash and cash equivalents	(4,912)	(3,187)	(2,280)	(13,571)	797	1
Net increase (decrease) in cash and cash equivalents	24,224	24,454	(462)	49,647	12,103	18
Cash and cash equivalents — beginning of year	31,298	55,522	79,976	79,514	129,161	193
Cash and cash equivalents - end of year	55,522	79,976	79,514	129,161	141,264	211
OTHER FINANCIAL DATA						
Adjusted EBITDA(5)	207,988	254,621	289,740	316,229	311,004	465
Adjusted EBITDA margin(6)	17,7%	16,7%	16,1%	16,8%	17,5%	17,5%
Adjusted EBITDA/net financial expense(7)	24,6	10,6	5,1	6,9	7,5	7,5
Net debt(8)	224,477	587,869	572,901	429,373	504,774	754
Net debt/Adjusted EBITDA(9)	1,1	2,3	2,0	1,4	1,6	1,6
Depreciation and amortization	53,824	83,337	102,967	100,632	97,334	145
Capital expenditures	143,764	183,697	114,217	112,400	128,217	192
Dividends paid	69,766	73,041	52,269	53,671	67,585	101
Basic and diluted earnings per share:						
Series A(10)	104,12	89,53	52,19	88,40	91,080	0,13
Series B(10)	114,53	98,48	57,41	97,24	100,190	0,15
Basic and diluted earnings per ADR:(11)						
Series A(10)	624,72	537,18	313,16	530,40	546,480	0,81
Series B(10)	687,18	590,88	344,48	583,44	601,140	0,89
Capital Stock:						
Series A	473,289,368	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301
Series B	473,289,368	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303
Issued Capital	270,759	270,738	270,738	270,738	270,738	404
Total dividends declared:						
Total Series A Shares	34.018	33.888	24.800	29.344	33,130	49
Total Series B Shares	37.420	37.276	27.283	32.278	36,443	54
OTHER OPERATING DATA (unaudited)						
Sales volume						
Coca-Cola trade brand soft drinks (millions of UCs) (12)	517.6	633.5	671.6	653.8	613.2	613.2
Other beverages (millions of UCs) (12)(13)	78.6	129.5	159.0	166.1	165.8	165.8

(1) Conversion to U.S. dollars are solely for the convenience of the reader.
(2) Due to Polar's merger with and into us on October 1, 2012, data for the year ended December 31, 2012 includes the operations of Polar (as well as the operations of Vital Aguas, Vital Jugos and Envases Central (together, the "Joint Ventures")) for the period from October 1, 2012 to December 31, 2012. Prior to our merger with Polar the Joint Ventures were held, in part, by each of Andina, Polar and Embonor S.A., respectively, and the Joint Ventures' operations were not consolidated in the financial and other data of Andina or Polar. Upon consummation of our merger with Polar, and our increased ownership interest in the Joint Ventures that resulted from such merger, the Joint Ventures became our subsidiaries for accounting purposes and are therefore consolidated into our financial and other data for periods subsequent to such merger.
(3) Due to the acquisition of Ipiranga consummated on October 11, 2013, data for the year ended December 31, 2013 includes the operations of Ipiranga for the period from October 1, 2013 to December 31, 2013.
(4) Includes other expenses, other income (expense), share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.
(5) Adjusted EBITDA is a non-IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to net income as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. See "Presentation of Financial and Other Information —Non-IFRS Financial Information". We define Adjusted EBITDA as net income plus income taxes, other expenses (income), depreciation and amortization (which includes only the amortization of information technology software). A reconciliation of our net income to our Adjusted EBITDA is set forth below:

	Year Ended December 31,					
	2012	2013	2014	2015	2016	2016 (1)
	(in millions of Ch$ and US$)					
	Ch$	Ch$	Ch$	Ch$	Ch$	US$
Net income	88,269	90,267	52,034	88,098	92,049	137
Add:						
Income taxes	38,505	22,966	45,354	41,643	48,807	73
Finance costs	11,173	28,944	65,082	55,669	51,375	77
Finance income	(2,728)	(4,973)	(8,656)	(10,118)	(9,662)	(14)
Depreciation and amortization	53,824	83,337	102,967	100,632	97,334	145
Share of profit of investments using equity method of accounting	(1,770)	(783)	(1,191)	2,328	263	—
Foreign exchange difference	4,471	7,695	2,675	2,856	68	—
Gain (loss) from indexed financial assets and liabilities	1,754	1,833	12,462	7,308	6,378	10
Other income	(3,266)	(4,386)	(3,971)	(472)	(1,761)	(3)
Other expenses	15,420	30,462	18,591	21,983	22,765	34
Other income (expenses)	2,336	(741)	4,392	6,301	3,387	5
Adjusted EBITDA(14)	207,988	254,621	289,740	316,229	311,004	465

(6) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net sales, expressed as a percentage.
(7) Adjusted EBITDA / net financial expense is defined as Adjusted EBITDA divided by total financial expense (which includes expenses for hedging purposes) minus total financial income.
(8) Net debt is defined as the sum of (i) other current financial liabilities and (ii) other noncurrent financial liabilities, minus the sum of (i) cash and cash equivalents, (ii) other current financial assets and (iii) other non-current financial assets.
(9) Net debt / Adjusted EBITDA ratio is the ratio of our net debt (defined as the sum of (i) other current financial liabilities and (ii) other noncurrent financial liabilities, minus the sum of (i) cash and cash equivalents and (ii) other financial assets) as of the end of the applicable period divided by our Adjusted EBITDA for the last 12 months ended as of the end of the applicable period.
(10) Calculation of profits per share considers the average amount of outstanding shares existing at each date.
(11) Each ADR represents six shares of common stock of the corresponding series of Shares.
(12) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters.
(13) Includes waters, juices, beer and other spirits.
(14) Totals may not sum due to rounding.

Exchange Rates

Chile

Chile has two currency markets, the *Mercado Cambiario Formal* (the “Formal Exchange Market”) and the *Mercado Cambiario Informal* (the “Informal Exchange Market”). The Formal Exchange Market is comprised of banks and other entities authorized by the Chilean Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Chilean Central Bank is empowered to require that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Chile.”

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Chilean Central Bank be informed of certain transactions and that they be effected through the Formal Exchange Market.

The U.S. dollar observed exchange rate (*dólar observado*), which is reported by the Chilean Central Bank and published daily in the Official Gazette (*Diario Oficial*), is the weighted average exchange rate of the previous business day’s transactions in the Formal Exchange Market. The Chilean Central Bank has the power to intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the observed exchange rate within a desired range. During the past few years the Chilean Central Bank has attempted to keep the observed exchange rate within a certain range only under special circumstances. Although the Chilean Central Bank is not required to purchase or sell dollars at any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as well.

The Informal Exchange Market reflects transactions carried out at the informal exchange rate. There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate. In recent years, the variation between the observed exchange rate and the informal exchange rate has not been significant.

The following table sets forth the annual low, high, average and period end observed exchange rate for U.S. dollars for the periods presented, as reported by the Chilean Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

	Daily observed exchange rate Ch$ per US$			
	High(1)	Low(1)	Average(2)	Period end (3)
Year ended December 31,				
2012	519.69	469.65	486.59	479.96
2013	533.95	466.50	495.18	524.61
2014	621.41	527.53	570.33	606.75
2015	715.66	597.10	654.66	710.16
2015	730.31	645.22	676.69	669.47
Month end				
October 31, 2016	670.88	651.65	663.56	651.18
November 30, 2016	679.24	650.72	667.24	673.54
December 31, 2016	677.11	649.40	666.97	669.47
January 31, 2017	673.36	646.19	660.09	646.19
February 28, 2017	648.88	638.35	643.44	648.88
March 31, 2017	669.52	650.98	661.86	663.97
April 2017 (through April 21, 2017)	661.42	647.47	653.54	650.65

Source: Chilean Central Bank.

(1) Exchange rates are the actual low and high, on a daily basis for each period.
(2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.
(3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

Argentina

From April 1, 1991 until the end of 2001, the Convertibility Law No. 23,928 and Regulatory Decree No. 529/91 (together, the "Convertibility Law") established a fixed exchange rate under which the Central Bank of Argentina was obliged to sell U.S. dollars at a fixed rate of one Argentine peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law, which suspended certain provisions of the Convertibility Law, including the fixed exchange rate of Ar$1.00 to US$1.00, and granted the executive branch of the Argentine government the power to set the exchange rate between the Argentine peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system, pursuant to the Public Emergency Law, the Argentine peso has been allowed to float freely against other currencies since February 2002. For the last few years the Argentine government has maintained a policy of intervention in foreign exchange markets, conducting periodic transactions for the sale and purchase of U.S. dollars. There is no way to foresee if this could continue in the future. See also "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina."

The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in Argentine pesos per U.S. dollar and not adjusted for inflation as reported by the Central Bank of Argentina. The Federal Reserve Bank of New York does not report a noon buying rate for Argentine pesos.

	High	Low	Average(1)	Period end
Year ended December 31,				
2012	4.917	4.304	4.552	4.917
2013	6.518	4.923	5.479	6.518
2014	8.556	6.543	8.119	8.552
2015	13.005	8.554	9.269	13.005
2016	16.030	13.200	14.781	15.890
Month end				
October 31, 2016	15.230	15.070	15.174	15.150
November 30, 2016	15.868	14.920	15.346	15.868
December 31, 2016	16.030	15.479	15.828	15.890
January 31, 2017	16.080	15.810	15.909	15.897
February 29, 2017	15.800	15.360	15.592	15.480
March 31, 2017	15.645	15.390	15.522	15.390
April 2017 (through April 21, 2017)	15.490	15.190	15.330	15.490

Source: Central Bank of Argentina. ("A" 3500 Report — Wholesale)

(1) Represents the daily average exchange rate during each of the relevant periods.

Brazil

The Central Bank of Brazil allows the real/U.S. dollar exchange rate to float freely and has intervened occasionally to control unstable fluctuations in foreign exchange rates. We cannot predict whether the Central Bank of Brazil or the Brazilian government will continue to let the real float freely or will intervene in the exchange rate market through a currency band system or otherwise. The Brazilian real may depreciate or appreciate substantially against the U.S. dollar in the future. Exchange rate fluctuations may adversely affect our financial condition. See also "Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Brazil."

Prior to March 14, 2005, under Brazilian regulations, foreign exchange transactions were carried out on either the commercial rate exchange market or the floating rate exchange market. Rates in the two markets were generally the same. On March 14, 2005, the National Monetary Council of Brazil (*Conselho Monetário Nacional*) unified the two markets.

The following table sets forth the exchange selling rates expressed in Brazilian reais per U.S. dollar for the periods indicated, as reported by the Central Bank of Brazil through the Central Bank System (Sistema do Banco Central) using PTAX 800, option 5.

	Daily observed exchange rate R$ per US$			
	High	Low	Average	Period end
Year ended December 31,				
2012	1.9016	1.5345	1.6746	1.8758
2013	2.1121	1.7024	1.9550	2.0435
2014	2.7403	2.1974	2.3547	2.6562
2015	4.1949	2.5754	3.3314	3.9048
2016	4.1558	3.1193	3.2564	3.2591
Month end				
October 31, 2016	3.2359	3.1193	3.1858	3.1811
November 30, 2016	3.4446	3.2024	3.3420	3.3967
December 31, 2016	3.4650	3.2591	3.3523	3.2591
January 31, 2017	3.2729	3.1270	3.1966	3.1270
February 28, 2017	3.1479	3.0510	3.1042	3.0993
March 31, 2017	3.1735	3.0765	3.1279	3.1684
April 2017 (through April 21, 2017)	3.1463	3.0923	3.1238	3.1453

Source: Central Bank of Brazil.

(1) Represents the daily average exchange rate during each of the relevant periods.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

We are subject to various economic, political, social and competitive conditions. Any of the following risks, if they materialize, could materially and adversely affect our business, results of operations, prospects and financial condition.

Risks Relating to Our Company

We rely heavily on our relationship with The Coca-Cola Company, which has substantial influence over our business and operations.

The Coca-Cola Company has substantial influence on the conduct of our business. The interests of The Coca-Cola Company may be different from the interests of our remaining shareholders, which may result in us taking actions contrary to the interests of our remaining shareholders.

74% of our net sales for the year ended December 31, 2016 were derived from the distribution of soft drinks under The Coca-Cola Company trademarks, and an additional 21% was derived from the distribution of other beverages also bearing trademarks owned by The Coca-Cola Company. We produce, market and distribute Coca-Cola products through standard bottler agreements between our bottler subsidiaries and, in each case, The Coca-Cola Company's local subsidiary or The Coca-Cola Company, or, in the case of juices and nectars, The Minute Maid Company, a subsidiary of The Coca-Cola Company. The Coca-Cola Company has the ability to exercise substantial influence over our business through its rights under these bottler agreements. Under these bottler agreements, The Coca-Cola Company unilaterally sets the prices for Coca-Cola soft drink concentrate sold to us. The Coca-Cola Company also monitors our prices and has the right to review and approve our marketing, operational and advertising plans. In addition, The Coca-Cola Company may unilaterally set the price for its concentrate, and it may in the future increase the price we pay for concentrate at any time during the term of the Bottling Agreement, increasing our costs. These factors may impact our profit margins, which could adversely affect our net income and results of operations.

Our marketing campaigns for Coca-Cola products are designed and controlled by The Coca-Cola Company. The Coca-Cola Company also makes significant contributions to our marketing expenses, although it is not required to contribute a particular amount. Accordingly, The Coca-Cola Company may discontinue or reduce such contribution at any time. Pursuant to the bottler agreements, we are required to submit a business plan to The Coca-Cola Company for prior approval on a yearly basis. In accordance with our bottler agreements, The Coca-Cola Company may, among other things, require that we demonstrate the financial ability to meet our business plan, and if we are not able to demonstrate our financial capacity, The Coca-Cola Company may terminate our rights to produce, market and distribute Coca-Cola soft drinks or other Coca-Cola beverages in territories where we have such approval. Under these bottler agreements, we are prohibited from producing, bottling, distributing or selling any products that could be substituted for, be confused with or be considered an imitation of, Coca-Cola soft drinks or other Coca-Cola beverages and products.

We depend on The Coca-Cola Company to renew our bottler agreements, which are subject to termination by The Coca-Cola Company in the event we default or upon expiration of their respective terms. We currently are party to: two agreements for Chile, which expire in 2018 and 2019, one agreement for Brazil, which expires in 2017, one agreement for Argentina, which expires in 2017, and one agreement for Paraguay, which expires in 2020. We cannot provide any assurance that our bottler agreements will be maintained or extended upon their termination. Even if they are renewed, we cannot provide any assurance that renewal will be granted on the same terms as those currently in effect. Termination, non-extension or non-renewal of any of our bottler agreements would have a material adverse effect on our business, financial condition and results of operation.

In addition, any acquisition we make of bottlers of Coca-Cola products in other territories may require, among other things, the consent of The Coca-Cola Company under bottler agreements to which such other bottlers are subject. We cannot assure you that The Coca-Cola Company will consent to any future geographic expansion of our Coca-Cola beverage business. In addition, we cannot assure you that our relationship with The Coca-Cola Company will not deteriorate or otherwise undergo significant changes in the future. If such changes do occur, our operations and financial results and condition could be materially affected.

The nonalcoholic beverage business environment is changing rapidly, as a result of increased obesity and other health concerns, which could have a material adverse effect on demand for our products, and consequently on our financial performance.

Consumers, public health officials and government officials in the majority of our markets, are increasingly concerned with public health consequences associated with obesity, particularly among young people. Additionally, some researchers, health advocates and dietary guidelines are encouraging consumers to reduce consumption of sugar-sweetened beverages and beverages sweetened with nutritive or alternative sweeteners. Increasing public concern about these issues, the possibility of taxes on sugar-sweetened beverages, additional governmental regulations concerning the marketing, labeling, packaging or sale of our beverages and any negative publicity resulting from actual or threatened legal actions against nonalcoholic beverage companies relating to the marketing, labeling or sale of beverages may reduce demand for our products, which could adversely affect our profitability.

In addition, concerns over the environmental impact of plastic may reduce the consumption of our products sold in plastic bottles or result in additional taxes that would adversely affect consumer demand.

The nonalcoholic beverage business environment in our territories is dynamic and constantly evolving rapidly as a result of, among other things, changes in consumer preferences, including changes based on health and nutrition considerations and obesity concerns; shifting consumer preferences and needs; and changes in consumer lifestyles. In addition, the non-alcoholic beverage retail landscape is dynamic and is constantly evolving, and if we are unable to successfully adapt in this environment, our participation in the sales of non-alcoholic beverages, and financial results in general will be negatively affected.

Our business is highly competitive, including with respect to price competition, which may adversely affect our net profits and margins.

The soft drink and nonalcoholic beverage businesses in general are highly competitive in each of the territories in which we operate. We compete with bottlers of local and regional brands, including low cost beverages and Pepsi products. This competition in each of the regions where we operate is likely to continue, and we cannot assure you that it will not intensify in the future, which could materially and adversely affect our financial condition and results of operations.

Raw material prices may be subject to U.S. dollar/local currency exchange risk and price volatility, which could increase our costs of operations.

In addition to water, our most significant raw materials are (1) concentrate, which we acquire from affiliates of The Coca-Cola Company, (2) sweeteners and (3) packaging materials. Our most significant packaging raw material costs arise from the purchase of resin and plastic preforms to make plastic bottles and from the purchase of finished plastic bottles, the prices of which are related to crude oil prices and global resin supply. Prices for concentrate are determined by The Coca-Cola Company and the Coca-Cola Company has unilaterally increased concentrate prices in the past and may do so again in the future. We cannot assure you that The Coca-Cola Company will not increase the price of the concentrate for Coca-Cola trademark beverages or change the manner in which such price will be calculated in the future. We may not be successful in negotiating or implementing measures to mitigate the negative effect this may have in the pricing of our products or our results. The prices for our remaining raw materials are driven by market prices and local availability, the imposition of import duties and restrictions and fluctuations in exchange rates.

We purchase our raw materials from both domestic and international suppliers, some of which must be approved by The Coca-Cola Company, which may limit the number of suppliers available to us. Because the prices of the main raw materials are denominated in U.S. dollars, we are subject to local currency risk with respect to each of our operations. If any of the Chilean peso, Brazilian real, Argentine peso, or Paraguayan guaraní were to depreciate significantly against the U.S. dollar, the cost of certain raw materials in our respective territories could rise significantly, which could have an adverse effect on our financial condition and results of operations. We cannot assure you that these currencies will not lose value against the U.S. dollar in the future. Additionally, some raw material prices are subject to high volatility, which could also have a material adverse effect on our profitability. The supply or cost of specific raw materials could be adversely affected by domestic or global price changes, strikes, weather conditions, taxes, governmental controls or other factors. Any sustained interruption in the supply of these raw materials or any significant increase in their price could have a material adverse effect on our financial performance.

Instability in the supply of utility services and oil prices may adversely impact our results of operations.

Our operations depend on a stable supply of utilities and fuel in the countries where we operate. Electrical power outages could lead to increased energy prices and possible service interruptions. Interruptions in the supply of water could also generate an increase of our production costs and possible service interruptions. We cannot assure you that in the future we will not experience energy or water supply interruptions that could materially and adversely affect our business. In addition, a significant increase in energy prices would raise our costs, which could materially impact our results of operations. Fluctuations in oil prices have adversely affected our cost of energy and transportation in the regions where we operate and we expect that they will continue to do so in the future. We cannot assure you that fuel prices will not increase in the future, and a significant increase in fuel price may have a significant effect on our financial performance.

Water scarcity and poor water quality could adversely impact our 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 and poor management. As demand for water continues to increase around the world, and as the quality of available water deteriorates, we may incur increasing production costs or face capacity constraints that could adversely affect our profitability or net operating revenues. We obtain water from various sources in our territories, including springs, wells, rivers and municipal and state water companies pursuant to concessions granted by governments in our various territories. We are also subject to uncertainty regarding the interpretation of the laws of the countries in which we operate, and any ambiguity or uncertainty regarding the interpretation or application of regulations can result in increased production costs or penalties for non-compliance, which are impossible or difficult to predict. We also anticipate discussions on new regulations on ownership and water usage. Water scarcity or changes in governmental regulations aimed at rationing water in the region could affect our water supply.

We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs.

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

The countries in which we operate may adopt significant advertising restrictions as well as additional product labeling or warning requirements relating to the chemical content or perceived adverse health consequences of certain of our Coca-Cola products or other products. In addition, the Chilean congress recently passed a new law which became effective on June 27, 2016, with respect to labeling of certain consumer products, including soft drinks and bottled juices and waters such as ours. In October 2015 we implemented a plan to adjust our labels to the new requirements of this law in order to be able to comply with its requirements. Due to the difficulty of determining the future scope and interpretation of the requirements of this law we may be subject to ambiguity or uncertainty with respect to its interpretation and application which could result in non-compliance and associated costs and penalties, which are impossible or difficult to predict. These requirements may adversely affect sales of our products.

Our business may be adversely affected if we are unable to maintain brand image and product quality.

Our beverage business is highly dependent on maintaining the reputation of our products in the countries where we operate. If we fail to maintain high standards for product quality, our reputation and ability to remain a distributor of The Coca-Cola Company beverages in the countries where we operate could be jeopardized. Negative publicity or incidents related to our products may reduce their demand and could have a material adverse effect on our financial performance. If any of our products is defective or found to contain contaminants, or causes injury or illness, we may be subject to product recalls or other liabilities.

We take precautions in order to minimize the risk that our beverage products are not free from contaminants and that our packaging materials (such as bottles, crowns, cans and other containers) are free of defects. Such precautions include quality-control programs for raw materials, the production process and of our final products. We have established procedures to correct any problems detected.

In the event that contamination or a defect does occur in the future, it may lead to business interruptions, product recalls or liability, each of which could have an adverse effect on our business, reputation, prospects, financial condition and results of operations.

Although we maintain insurance policies against certain product liability risks, we may not be able to enforce our rights in respect of these policies, and, in the event that a defect occurs, any amounts that we recover may not be sufficient to offset any damage we may suffer, which could adversely impact our business, results of operations and financial condition.

Trademark infringement could adversely impact our beverage business.

A significant portion of our sales derives from sales of soft drinks branded with trademarks of The Coca-Cola Company, as well as other trademarks. If other parties attempt to misappropriate trademarks we use, we may be unable to protect these trademarks. The maintenance of the reputation of these brands is essential for the future success of our beverage business. Misappropriation of trademarks we use, or challenges thereto, could have a material adverse effect on our financial performance.

Weather conditions or natural disasters may adversely affect our business.

Lower temperatures and higher rainfall may negatively impact consumer patterns, which may result in lower per capita consumption of our beverages. Additionally, adverse weather conditions or natural disasters may affect road infrastructure in the countries in which we operate and limit our ability to sell and distribute our products. For example, in February of 2010 our business experienced a temporary interruption in our production as a result of the 8.8 magnitude earthquake in central Chile; and in March 2015, flash floods in the north of Chile interrupted our production and distribution in such territory.

Our insurance coverage may not adequately cover losses resulting from the risks for which we are insured.

We maintain insurance for our principal facilities and other assets. Our insurance coverage protects us in the event we suffer certain losses resulting from theft, fraud, expropriation, business interruption, natural disasters or other similar events or from business interruptions caused by such events. In addition, we maintain insurance policies for our directors and officers**.** We cannot assure you that our insurance coverage will be sufficient or will provide adequate compensation for losses that we may incur.

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

We are increasingly dependent on information technology networks and systems, including over the Internet, to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for digital marketing activities and electronic communications among us and our clients, suppliers and also among our subsidiaries and facilities. Security breaches or infrastructure flaws can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If we are unable to prevent such breaches or flaws, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information.

Perception of risk in emerging economies may impede our access to international capital markets, hinder our ability to finance our operations and adversely affect our financial performance.

International investors, as a general rule, consider the countries in which we operate to be emerging market economies. Consequently, economic conditions and the market for securities of emerging market countries influence investors' perceptions of Chile, Brazil, Argentina and Paraguay and their evaluation of securities of companies located in these countries.

During periods of heightened investor concern regarding emerging market economies, the countries where we operate may experience significant outflows of U.S. dollars.

In addition, during these periods companies based in the countries where we operate have faced higher costs for raising funds, both domestically and abroad, as well as limited access to international capital markets, which have negatively affected the prices of the aforementioned countries' securities. Although economic conditions are different in each of the emerging-market countries, investors' reactions to developments in one of these countries may affect the securities of issuers in the others. For example, adverse developments in emerging market countries may lead to decreased investor interest in investing in the securities of Chilean companies.

Our business may be adversely affected if we fail to renew collective bargaining labor agreements on satisfactory terms or experience strikes or other labor unrest.

A substantial portion of our employees is covered by collective bargaining labor agreements. These agreements generally expire every year. Our inability to renegotiate these agreements on satisfactory terms could cause work stoppages and interruptions, which may adversely impact our operations. Amendments to the terms and conditions of existing agreements could also increase our costs or otherwise have an adverse effect on our operational efficiency. We experience periodic strikes and other forms of labor unrest through the ordinary course of business. We cannot assure you labor interruptions or other labor unrest will not occur in the future. If we experience strikes, work stoppages or other forms of labor unrest at any of our production facilities, our ability to supply beverages to customers could be impaired, which would reduce our net operating revenues and could expose us to customer claims.

Our business is subject to extensive regulation, which is complex and subject to change.

We are subject to local regulations in each of the territories in which we operate. The principal areas in which we are subject to regulation are water, environment, labor, labelling, taxation, health, consumer protection, advertising and antitrust. Regulation could also affect our ability to set prices for our products. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries in which we operate may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our financial condition, business and results. Further changes in current regulations may result in increased compliance costs, which may have an adverse effect on our results or financial condition.

In the past, voluntary price restraints or statutory price controls have been imposed in several of the countries in which we operate. Currently there are no such restraints or price controls applicable to our products in any of the territories in which we operate, except in Argentina. However, we cannot assure you that government authorities in any country in which we operate will not impose statutory price controls, or that we will not be requested to impose voluntary price restraints in the future. The imposition of such restraints or price controls be in the future may have an adverse effect on our results and financial condition.

We may be required to incur considerable expenses in order to comply with various environmental laws and regulations. Such expenses may have a material adverse effect on our results of operations and financial position.

We are subject to various environmental laws and regulations that apply to our containers, products and activities. If these environmental laws and regulations are strengthened or newly established in jurisdictions in which we conduct our businesses, we may be forced to incur considerable expenses in order to comply with such laws and regulations. Such expenses may have a material adverse effect on our results of operations and financial position. To the extent we determine that it is not financially sound for us to continue to comply with such laws and regulations, we may have to curtail or discontinue our activities in the affected business areas.

If we were to become subject to adverse judgments or determinations in legal proceedings to which we are, or may become, a party, our future profitability could suffer through a reduction of sales, increased costs or damage to our reputation.

In the ordinary course of our business, we become involved in various claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. Adverse judgments or determinations in one or more of these proceedings could require us to change the way we do business or use substantial resources in adhering to the settlements and could have a material adverse effect on our business, including, among other consequences, by significantly increasing the costs required to operate our business. Ineffective communications during or after these proceedings could amplify the negative effects, if any, of these proceedings on our reputation and may result in a negative market impact on the price of our securities. Additionally, adverse preliminary decisions in one or more of these proceedings may require the use of substantial financial resources during its review by a higher court.

In addition, during recent years, the Company has been subject to judicial proceedings and administrative investigations associated with alleged monopolistic practices. Although these processes and investigations have not resulted in any convictions or penalties for the Company, we cannot assure that this will not occur in the future. Ineffective communications, during or after these procedures or investigations, or possible sanctions in matters of competition, could have an adverse effect on our business.

The countries in which we operate may adopt new tax laws or modify existing laws to increase taxes applicable to our business or to reduce existing tax incentives.

We cannot assure you that any governmental authority in any country where we operate will not impose new taxes or increase taxes on our products in the future. The imposition of new taxes or increases in taxes on our products may have a material adverse effect on our business, financial condition and results.

For example, in Chile on September 29, 2014 Law 20.780 was enacted which was subsequently amended by Law 20.899, on February 8, 2016 (the “Tax Reform”). The Tax Reform provides a “Transitional Regime” for calendar years 2014, 2015 and 2016 and a “Permanent Regime” for calendar years 2017 and thereafter.

In the Transitional Regime, for calendar years 2014, 2015 and 2016, the Tax Reform progressively increases the Corporate Income Tax rate to 21%, 22.5% and 24%, respectively. There are no changes to the taxation that applies to dividends paid to shareholders that are not resident in Chile. The additional tax rate remains at 35% and credit is available for 100 percent of corporate income tax that may be charged to dividends remitted abroad. For natural persons domiciled or resident in Chile the current regime also remains. Such shareholders are taxed with the Supplementary Global Tax which has progressive rates ranging between 0% and 40% in the year they receive the payment of the dividend, entitled to credit for the entirety of corporate income tax paid by the issuer of the shares. For the calendar year 2017, the rate will be 25% for companies that choose the Attributed Regime scheme and 25.5% for those taxed by the Semi-Integrated scheme, each described below.

In the Permanent Regime, for the years 2017 and thereafter, taxpayers may choose either the Attributed Regime or the Semi-Integrated income taxation schemes. Under the Attributed Regime scheme, annual accrued profits are immediately charged with the corporate income tax rate of 25% and an additional tax of 35%, maintaining the right to credit against the latter 100% of corporate income tax. In this option, non-Chilean shareholders are taxed with the additional tax of 35% regardless of whether the Chilean company pays a dividend or not due to the fact that the additional tax should be declared and paid in the year in which profits are accrued in the Chilean company that has issued the shares.

The same applies to local shareholders, defined as natural persons domiciled in Chile, but with a maximum rate of 35% for the Supplementary Global Tax. Under the Semi-Integrated tax scheme, earned annual profits are taxed at the corporate income tax rate of 27% (25.5% for fiscal year 2017). Dividends remitted abroad and those paid to local shareholders are taxed with additional tax or Supplementary Global Tax (with a maximum rate of 35%) only in the year of the payment of the dividend. The additional tax rate remains at 35% with corporate income tax credit paid by the issuing company.

Notwithstanding the above, local shareholders and shareholders domiciled in countries that do not have an existing treaty to avoid double taxation with Chile, can only credit 65% of corporate income tax, which results in a total tax burden on profits distributed to those shareholders of 44.45%. The credit limitation is made by establishing a debit (tax) to the shareholder equal to 35% of corporate income tax. This tax debit does not apply to dividends paid to a shareholder resident in a country that has an existing treaty to avoid double taxation with Chile and, until 2019, this exemption will also apply to dividends paid in a country where such a treaty has been signed but is not yet in force.

It should be noted that an open stock corporation in which one or more of its shareholders is in turn a company domiciled in Chile does not have the option and will automatically be subject to the Semi-Integrated scheme.

The same reform increased the additional tax on non-alcoholic beverages with sugar from 13% to 18%, and reduced the additional tax on non-alcoholic beverages without sugar from 13% to 10%.

In Argentina, the tax burden has steadily increased in recent years, especially at the provincial and municipal levels, where tax rates are increased nearly every year. However, in nearly all of the provinces where Andina Argentina pays taxes, companies that have a production plant or that carry out investments at the production plants in the province are granted reduced rates and in some cases zero rates on gross income taxes.

Andina Argentina enjoys the benefit of zero tax rate on gross income in the province of Cordoba until the year 2021 under an industrial promotion, as a result of our investments at the Montecristo plant in 2010. For these same investments, the municipality of the city of Córdoba gave us a 60% discount off of the trade and industry taxation rate until 2018. Termination, non-extension or non-renewal of these tax incentives would have a material adverse effect on our business, financial condition and results of operations.

If we do not successfully comply with laws and regulations designed to combat governmental corruption in countries in which we sell our products, we could become subject to fines, penalties or other regulatory sanctions and our sales and profitability could suffer.

Although we are committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to our business, there is a risk that our employees or representatives may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act.

We may not be able to recruit or retain key personnel.

In order to support and market our products, we must hire and retain skilled employees with particular expertise. The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies. We face various challenges inherent in the management of a large number of employees over diverse geographical regions. Key employees may choose to leave their employment for a variety of reasons, including reasons beyond our control. The impact of the departure of key employees cannot be determined and may depend on, among other things, our ability to recruit other individuals of similar experience and skill. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavorable material effect on our financial position, income from operations and competitive position.

Risks Relating to Chile

Our growth and profitability depend on economic conditions in Chile.

40.8% of our assets as of December 31, 2016 and 30.4% of our net sales for the year ended December 31, 2016 corresponded to our operations in Chile. Thus, our financial condition and results of operations depend significantly on economic conditions prevailing in Chile.

International and local economic crisis may adversely affect the Chilean economy, and unfavorable general economic conditions could negatively affect the affordability of and demand for some of our products. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or buying low cost brands offered by competitors. Any of these events could have an adverse effect on our business, financial condition and results of operations.

According to data published by the Central Bank, the Chilean economy grew at a rate of 4.2% in 2013 and 1.9% in 2014 2.3% in 2015, and at a rate of 2.3%, 1.6% and 1.6% respectively during the first three quarters of 2016. Our financial condition and results of operations could also be adversely affected by changes over which we have no control, including, without limitation:

- the economic or other policies of the Chilean government, which has a substantial influence over many aspects of the private sector;
- other political or economic developments in or affecting Chile;
- regulatory changes or administrative practices of Chilean authorities;
- inflation and governmental policies to combat inflation;
- currency exchange movements; and
- global and regional economic conditions.

We cannot assure you that the future development of the Chilean economy will not impair our ability to successfully carry out our business plan or materially adversely affect our business, financial condition or results of operations.

Inflation in Chile and government measures to curb inflation may disrupt our business and have an adverse effect on our financial condition and results of operations.

Although Chilean inflation has decreased in recent years, Chile has experienced high levels of inflation in the past. The annual rates of inflation in Chile, which in 2013, 2014, 2015 and 2016 were 3.0% 4.6% 4.4% and 2.7%, respectively, as measured by changes in the consumer price index and as reported by the INE (*Instituto Nacional de Estadísticas*, or the Chilean National Institute of Statistics), could adversely affect the Chilean economy and have a material adverse effect on our financial condition and results of operations if we are unable to increase our prices in line with inflation. We cannot assure you that Chilean inflation will not revert to high levels in the future.

The measures taken by the Central Bank to control inflation have often included maintaining a conservative monetary policy with high interest rates, thereby restricting the availability of credit and economic growth. Inflation, measures to combat inflation, and public speculation about possible additional actions have also contributed to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced demand for our products and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that the majority of our supply contracts are UF-denominated or are indexed to the Chilean consumer price index. Due to competition, we cannot assure you that we will be able to realize price increases, which could adversely impact our operating margins and operating income. Additionally, an important part of our financial debt is UF-denominated, and therefore the value of the debt reflects any increase of the inflation in Chile.

The Chilean peso is subject to depreciation and volatility, which could adversely affect our business.

The Chilean government's economic policies and any future changes in the value of the Chilean peso against the U.S. dollar could adversely affect our operations and financial results. The Chilean peso has been subject to large nominal devaluations in the past and may be subject to significant fluctuations in the future. The main drivers of exchange rate volatility in past years were the significant fluctuations of commodity prices, as well as general uncertainty and trade imbalances in the global markets. The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future.

Based on the Observed Exchange Rates for U.S. dollars as of December 31, 2013, 2014, 2015 and 2016, the Chilean peso depreciated 9.3%, 15.7%, 14.7% and -5.7%, respectively, relative to the U.S. dollar in nominal terms.

A severe earthquake or tsunami in Chile could adversely affect the Chilean economy and our network infrastructure.

Chile lies on the Nazca tectonic plate, one of the world's most seismically active regions. Chile has been adversely affected by powerful earthquakes in the past, including an 8.0 magnitude earthquake that struck Santiago in 1985 and a 9.5 magnitude earthquake in 1960 which was the largest earthquake ever recorded.

On February 27, 2010, an 8.8 magnitude earthquake struck the central and south central regions of Chile. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second largest city. The regions of Bío Bío and Maule were the most severely affected regions, especially the coastal area, which, shortly after the earthquake, was hit by a tsunami that significantly damaged cities and port facilities. The regions of Valparaíso and Metropolitan region were also severely affected. At least 1,500,000 homes were damaged and more than 500 people were killed. As a result of these developments, economic activity in Chile was adversely affected in March 2010. Legislation was passed to raise the corporate income tax rate in order to pay for reconstruction following the earthquake and tsunami, which had an adverse effect on our results. The legislation increased the corporate tax rate from its previous rate of 17.0% to 20.0%.

A severe earthquake and/or tsunami in Chile in the future could have an adverse impact on the Chilean economy and on our production and logistics network, including our business, results of operations and financial condition.

Risks Relating to Brazil

Our business operations in Brazil are dependent on economic conditions in Brazil.

36.9% of our assets as December 31, 2016 and 33.2% of our consolidated net sales for the year ended December 31, 2016 corresponded to our operations in Brazil.

Because demand for soft drinks and beverage products is usually correlated to economic conditions prevailing in the relevant local market, which in turn is dependent on the macroeconomic condition of the country in which the market is located, our financial condition and results of operations to a considerable extent are dependent upon political and economic conditions prevailing in Brazil. The Brazilian economy is also affected by international economic and market conditions in general, especially economic and market conditions in the United States. Similarly to other emerging market countries, the Brazilian currency depreciated significantly during 2015, attributed in part to an outflow of capital related to the expectation that the United States Federal Reserve will reduce or end its "quantitative easing" economic stimulus measures. The Brazilian economy is therefore subject to uncertainties and risks related to changes in economic conditions and policy measures in countries such as the United States and China, as well as the European Union and elsewhere.

The Brazilian economy has been experiencing a slowdown — GDP growth rates were 1.9%, 3.0% and 0.5% in 2012, 2013, and 2014, respectively, but GDP decreased 3.8% in 2015 and a 3.5% decrease is expected in 2016. In addition, the Brazilian real continues to significantly weaken in comparison to the U.S. dollar.

The Brazilian government exercises significant influence over the Brazilian economy, which together with historically volatile Brazilian political, social and economic conditions could adversely affect our financial condition and results of operations.

The Brazilian economy has historically been characterized by interventions by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, price controls, taxation, credit, tariff and other policies to influence the course of Brazil's economy. Our business, results of operations, financial condition and prospects may be adversely affected by, among others, the following factors:

- exchange rate fluctuations;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in gross domestic product (GDP);
- high inflation rates;
- changes in fiscal or monetary policies;
- increase in interest rates;
- exchange control policies;
- volatility and liquidity of domestic capital and credit markets;
- changes in climate and weather patterns;
- energy or water shortages or rationalization, particularly in light of water shortages in parts of Brazil;
- changes in environmental regulation;
- social and political instability, particularly in light of recent protests against the government; and
- other economic, political, diplomatic and social developments in or affecting Brazil, including with respect to alleged unethical or illegal conduct of certain figures in the Brazilian government and legislators, which are currently under investigation.

Our results of operations and financial condition may be adversely affected by the economic conditions in Brazil. In addition, protests, strikes and corruption scandals, including the "Lava Jato" investigation, have led to a fall in confidence and a political crisis. In August 2016, Brazilian President Dilma Rousseff was impeached and removed from office for violations of fiscal responsibility laws and the then-Vice-President Temer assumed office to complete the remainder of the presidential mandate. We cannot predict the outcome of recent political uncertainty in Brazil. The political crisis could worsen the economic conditions in Brazil, which may worsen purchasing power, consumption and supply chain costs and adversely affect our results of operations and financial condition.

Inflation and the Brazilian government's measures to curb inflation, including by increasing interest rates, may contribute to economic uncertainty in Brazil, adversely affecting the operations of Andina Brazil, which could adversely impact our financial condition and results of operations.

Brazil has historically experienced extremely high rates of inflation. Inflation, and several measures taken by the Federal Government in order to control it, combined with speculation about possible government measures, have in the past had significant negative effects on the Brazilian economy. Historically, the annual inflation rates recorded in Brazil before 1995 were extremely high, and included periods of hyperinflation. According to the National Amplified Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or "IPCA"), published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or the "IBGE"), Brazilian consumer price inflation rates were, 5.8% in 2012, 5.9% in 2013, 6.4% in 2014, 10.7% in 2015 and 6.3% in 2016. Considering this history and the uncertainty around the Brazilian government's policies, we cannot provide any assurance that inflation rates in Brazil will not increase more.

Brazil may continue experiencing high levels of inflation in 2017, above the Central Bank's target. Periods of higher inflation slow the growth rate of the Brazilian economy, which may lead to lower growth in consumption of products. Inflation also is likely to continue to put pressure on industry costs of production and expenses, which will force companies to search for innovative solutions in order to remain competitive. We may not be able to pass this cost onto our customers and, as a result, it may reduce our profit margins and net profit. In addition, inflation and its effect on domestic interest rates can lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets and may have an adverse effect on our business, results of operations and financial condition.

Exchange rate instability could affect our business, financial condition and results of operations.

The Brazilian currency has fluctuated over the past three decades. Throughout this period, the Brazilian government has implemented various economic plans and exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange market and floating exchange rate systems. Although long-term devaluation of the real is generally related to the rate of inflation in Brazil, the devaluation of the real over shorter periods has resulted in significant fluctuations in the exchange rate between the Brazilian currency, the U.S. dollar and other currencies.

In 2014, the real depreciated against the U.S. dollar, closing at R$2.66 to US$1.00 on December 31, 2014. In 2015, the real depreciated against the U.S. dollar, closing at R$3.90 to US$1.00 on December 31, 2015. In 2016, the real appreciated against the U.S. dollar, closing at R$3.26 to US$1.00 on December 31, 2016. We cannot guarantee that the real will not again depreciate or appreciate against the U.S. dollar in the future. In addition, we cannot guarantee that any deprecation or appreciation of the real against the U.S. dollar or other currencies will not have an adverse effect on our business.

Depreciation of the real against major foreign currencies, including the U.S. dollar, could create additional inflationary pressures in Brazil and cause the Central Bank to increase interest rates in an effort to steady the economy. In turn, these measures could negatively affect the growth of the Brazilian economy as a whole and may harm our financial condition and our results of operations, curtail access to foreign financial markets and prompt government intervention, including efforts to avoid recession. Depreciation of the real can also, as in the context of an economic slowdown, lead to a decrease in consumer spending, deflationary pressures and reduced growth in the Brazilian economy as a whole.

In contrast, appreciation of the real relative to the major foreign currencies, including the U.S. dollar, could lead to a deterioration of Brazilian current accounts, as well as foreign exchange current accounts, and also affect export-driven growth. Depending on the circumstances, either depreciation or appreciation of the real could materially and adversely affect the growth of the Brazilian economy and us.

Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability.

The Brazilian government regularly implements changes to tax regimes that may increase our and our customers' tax burdens. These changes include modifications in the tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. In the past, the Brazilian government has presented certain tax reform proposals, which have been mainly designed to simplify the Brazilian tax system, to avoid internal disputes within and between the Brazilian states and municipalities, and to redistribute tax revenues. The tax reform proposals provide for changes in the rules governing the federal Social Integration Program (*Programa de Integração Social*, or "PIS") and Social Security Contribution (*Contribuição para o Financiamento da Seguridade Social*, or "COFINS") taxes, the state Tax on the Circulation of Merchandise and Services (*Imposto Sobre a Circulação de Mercadorias e Serviços*, or "ICMS") and some other taxes, such as increases in payroll taxes. These proposals may not be approved and passed into law. The effects of these proposed tax reform measures and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified. However, some of these measures, if enacted, may result in increases in our overall tax burden, which could negatively affect our overall financial performance.

Recently, regarding the "ICMS", there have been some discussions about the difference between a full exemption and a base reduction. If a base reduction is considered a partial exemption, there is a risk of reduction of our tax credits, which may adversely affect our results of operations.

Given the high tax burden in Brazil, federal and state authorities of that country offer a series of significant tax incentives to certain territories and/or localities in order to attract investment, particularly for manufacturers and other companies operating and investing in Brazil. Coca-Cola Andina Brazil has received some of these tax incentives and its results are strongly influenced by these incentives. Although these incentives have been renewed in the past, we cannot assure that they will continue to be renewed in the future. Termination, non-extension or non-renewal of said tax incentives could have a material adverse effect on our business, financial condition and results of operation.

Tax proceedings may result in a significant tax liability

Rio de Janeiro Refrescos Ltda. is part of a series of procedures in which their right to use certain tax credits associated with the purchase of raw materials from the Manaus free zone is at issue. On this matter, particularly relevant are a series of ongoing administrative tax proceedings in which the Brazilian federal tax have claimed that Ipiranga, which was absorbed by Rio de Janeiro Refrescos Ltda in December 2013, has unpaid liabilities for value-added tax on industrialized products (*imposto sobre produtos industrializados*, or IPI) in an aggregate amount, as of December 31, 2016, of approximately R$1,245,990,136. These proceedings are at administrative as well as judicial different procedural stages. We disagree with the Brazilian tax authorities' position and believe that Ipiranga was entitled to claim IPI tax credits in connection with its purchases of certain exempt raw materials from suppliers located in the Manaus Free Trade Zone. We believe that the Brazilian tax authorities' claims are without merit. Our external Brazilian counsel has advised us that it believes that Ipiranga's likelihood of loss in most of these proceedings is classified as possible to remote (i.e., approximately 30% likelihood). Despite the foregoing, the outcome of these claims is subject to uncertainty, and it is impossible to predict its final resolution. Finally, pursuant to the agreement under which we agreed to acquire Ipiranga's shares, the sellers agreed to indemnify us for such tax obligations and establish a five year duration escrow account (which five year term expires on October 11, 2018) to support this indemnity liability in an amount equivalent to R$ 286,446,799.

Risks Relating to Argentina

Our business operations in Argentina are dependent on economic conditions in Argentina.

9.7% of our assets as of December 31, 2016 and 29.0% of our net sales for the year ended December 31, 2016 corresponded to our operations in Argentina. Because demand for soft drinks and beverage products is usually correlated to economic conditions prevailing in the local market, which in turn is dependent on the macroeconomic condition of the country, the financial condition and results of operations of our business operations in Argentina are, to a considerable extent, dependent upon political and economic conditions prevailing in Argentina.

Historically, the Argentine economy has experienced periods of high levels of instability and volatility, low or negative economic growth and high and variable inflation and devaluation levels. During 2001 and 2002, Argentina went through a period of major political, economic and social instability, which led to a partial default by Argentina in the payment of its sovereign debt, and the devaluation of the peso in January 2002, after over ten years of parity with the U.S. dollar. Although general economic conditions in Argentina have recovered significantly during the past years, there is uncertainty as to whether this recovery is sustainable. This is mainly because recent economic growth was initially dependent on a significant devaluation of the Argentine peso, a high excess production capacity resulting from a long period of deep recession and high commodity prices. According to the INDEC (*Instituto Nacional de Estadísticas y Censos*, or the National Statistics and Census Institute), GDP growth in real terms in Argentina was 10.1% in 2010, 6.0% in 2011,-1.0% in 2012, 2.4% in 2013, 2.5% in 2014, 2.6% in 2015 and -2.3% in 2016. We cannot assure you that Argentine GDP will increase or remain stable in the future. Domestic and external economic crisis, the international demand for Argentine products, the instability and competitiveness of the Argentine peso against foreign currencies, confidence among consumers and foreign and domestic investors, the inflation rate and future financial and economic uncertainties, among other factors, may affect the development of the Argentine economy.

Political and economic instability in Argentina may recur, which could have a material adverse effect on our Argentine operations and on our financial condition and results of operations.

In the period from 1998 through 2003, Argentina experienced acute economic difficulties that culminated in the restructuring of substantially all of Argentina's sovereign indebtedness. There were a succession of presidents during this crisis period and various states of emergency were declared that suspended civil liberties and instituted restrictions on transfers of funds abroad and foreign exchange controls, among other measures. Argentina's GDP contracted 10.9% in 2002. Beginning in 2003, Argentine GDP began to recover and from 2004 to 2008 recorded an average rate of growth of 8.4%.

The global economic crisis of 2008 led to a sudden economic decline, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures, and lack of consumer and investor confidence, which have forced the Argentine government to adopt different measures, including the tightening of foreign exchange controls, the elimination of subsidies to the private sector and the proposal for new taxes.

On the other hand, until December 2015, the Argentine government increased its intervention level in some of the areas of the economy. For example, in May of 2012, the Argentine government nationalized YPF S.A., Argentina's largest and previously Spanish-owned oil company, which was originally an Argentinian state owned entity. Expropriations and other interventions by the Argentine government such as the one relating to YPF can have an adverse impact on the level of foreign investment in Argentina, the access of Argentine companies to the international capital markets and Argentina's commercial and diplomatic relations with other countries. Despite the change in government that occurred in December 2015, the level of governmental intervention in the economy in the future may continue, which may have adverse effects on Argentina's economy and, in turn, our business, results of operations and financial condition.

The Argentine government could impose certain restrictions on currency conversions and remittances abroad, which could affect the timing and amount of any dividends or other payment we receive from our Argentine subsidiary.

In 2001 and 2002, the Argentine government implemented a number of monetary and currency exchange control measures, which included restrictions on the withdrawal of funds deposited with banks and stringent restrictions on the outflow of foreign currency from Argentina, including for purposes of paying principal and interest on debt and distributing dividends. From December 2011 to November 2015, the Argentine Government imposed additional restrictions on the purchase of foreign currency and certain transfers of funds out of Argentina and reduced the time required to comply with certain transfers of funds into Argentina. During December 2015 these restrictions began to be reviewed and removed by the new administration in order to normalize the existing exchange-rate policy.

Under current Argentine law, we may declare and distribute dividends with respect to our Argentine subsidiary and Argentine banks may lawfully process payments of those dividends to us and other non-resident shareholders. Our declaration and distribution of dividends is subject to certain statutory requirements and must be consistent with our audited financial statements. The processing of payment of dividends by Argentine banks is subject to Argentine Central Bank regulations, including verification of our Argentine subsidiary's compliance with foreign debt and direct investment disclosure obligations. In addition to statutory and administrative rules affecting our Argentine subsidiary's payment of dividends, during 2012 the Argentine government imposed discretionary restrictions on Argentine companies as part of a policy to limit outbound transfers of U.S. dollars. From 2010 until the beginning of 2016 these restrictions halted dividend payments to non-resident shareholders. At the start of 2016 the new administration began decreasing these restrictions which enabled us to begin withdrawing earnings from our Argentine subsidiary. There are currently no restrictions imposed by the Argentine government to withdraw earnings from Argentina.

Nonetheless, we cannot assure you that we will be able to cause our Argentine subsidiary to distribute dividends to its non-resident shareholders, despite otherwise meeting all statutory and regulatory requirements for payment.

Argentina's government may impose certain restrictions on imports, which could have an impact in our operations.

Since February 2012, pursuant to a resolution of the Argentine Federal Tax Authority ("*Administración Federal de Ingresos Públicos—AFIP*") Argentine importers were required to file a "Prior Import Statement" ("*Declaración Jurada Anticipada de Importación—DJAI"*) with the AFIP providing information on future imports prior to the execution of any purchase order or similar document. Compliance with this requirement, was verified by the Argentine customs upon arrival of the goods into Argentina and was a condition for the authorization of the payment of the purchase price by the Argentine fiscal entities. Although this was intended merely as an information gathering regime, it may in the future be used for purposes of restricting imports into Argentina. A similar regime was also imposed in respect of the import and export of services (known by its initials as "DJAS"), and resulted in additional restrictions being imposed on the payments made by Argentine residents on services provided by foreign residents. While the change in the Argentine government that occurred in December 2015 relaxed restrictions on imports of goods and services and replaced the Prior Import Statement system described above with a Comprehensive System of Monitoring Imports (*Sistema Integral de Monitoreo de Importaciones*— (SIMI), together with the implementation of automatic and non-automatic licenses), while maintaining the DJAS, we cannot assure that these restrictions will be completely removed or that the previous regime will not be reinstated. Restrictions on Argentine imports of goods and services of our subsidiaries may adversely affect our financial conditions or results of operations.

Inflation in Argentina may adversely affect our operations, which could adversely impact our financial condition and results of operations.

Argentina has experienced high levels of inflation in recent decades, resulting in large devaluations of its currency. Argentina's historically high rates of inflation resulted mainly from its lack of control over fiscal policy and its money supply. According to the INDEC, the official annual rates of inflation for the years 2011, 2012, 2013, 2014 and 2015 (date until October 2015 since the INDEC suspended its report thereafter) were 9.5%, 10.8%, 10.9%, 23.9% and 11.8%, respectively. Moreover, after changes in personnel and in the methodology used to calculate the consumer price index at the INDEC in 2007, the accuracy of its past measurements has been put into doubt by economists and investors. The actual consumer price index and wholesale price index may therefore be substantially higher than those indicated by the INDEC for years prior to December 2015. With the change of the Argentine Government in December 2015, INDEC suspended the issuance of reports on the consumer and wholesale price indices until April 2016, at which time INDEC began disseminating a new CPI monthly series, without reporting the months prior to April 2016. We cannot assure that INDEC will not be suspended again in the future, which could cause a significant decrease in confidence in the Argentine economy, which could, in turn, have a material adverse effect on our operations and financial condition.

In the past, inflation has materially undermined the Argentine economy and the government's ability to generate conditions that foster economic growth. In addition, high inflation or a high level of price instability may materially and adversely affect the business volume of the financial system. This result, in turn, could adversely affect the level of economic activity and employment in the country.

High inflation would also undermine Argentina's foreign competitiveness and adversely affect economic activity, employment, real salaries, consumption and interest rates. In addition, a dilution of the positive effects of the Argentine peso devaluation on the export-oriented sectors of the Argentine economy, even with the elimination of the exchange restriction, could decrease the level of economic activity in the country. In turn, a portion of the Argentine debt is adjusted by the *Coeficiente de Estabilización de Referencia*, the Stabilization Coefficient Index, a currency index that is strongly tied to inflation. Therefore, any significant increase in inflation would cause an increase in Argentina's debt and, consequently, the country's financial obligations. A high level of uncertainty with respect to these economic indicators, and a general lack of stability with respect to inflation, could cause a shortening of contract terms and affect the ability of businesses to plan and make decisions, thereby materially and adversely affecting economic activity and consumers' income and their purchasing power, all of which could have a material adverse effect on our financial condition and operating results.

The Argentine peso is subject to depreciation and volatility, which could adversely affect our financial condition and results of operations.

After several years of price stability in Argentina, the devaluation of the Argentine peso in January 2002 imposed pressures on the domestic price system that generated high inflation throughout 2002. The devaluation had an adverse effect on the ability of Argentine companies to make timely payments on their foreign currency denominated obligations, generating high inflation throughout 2002, significantly reducing real salaries and adversely affecting companies that were focused on the domestic market, such as public service companies and financial companies. It also adversely affected the ability of the government to honor its foreign debt obligations.

The exchange rate in Argentina depreciated by 52.5% in 2015 and 21.8% in 2016 against the U.S. dollar with respect to the exchange rate as of the end of 2014 and 2015, respectively.

In late 2011 the Argentine government implemented a series of measures aimed at maintaining the level of reserves of the Banco Central de la República Argentina ("BCRA"). As part of that effort, during the last quarter of 2011 until December 2015 new measures were implemented to limit the purchase of foreign currency by private companies and individuals. Access to the foreign exchange market requires authorization of the tax authorities, among other restrictions. As a result, the implied exchange rate in the quotation of Argentine securities that traded in foreign markets and in the local market increased significantly. During the year 2015 these restrictions continued increasing, making operations to withdraw payments to overseas suppliers highly complex. In January 2015 the purchase of dollars per day was limited to US$300,000. By the middle of the year, this limit had been decreased to US$75,000 and by year end was US$50,000, which forced companies to split foreign import payments and caused some companies to reduce their importation of certain inputs. On December 17, 2015, after the devaluation of the Argentine Peso, the split exchange rate market was reunified with the return of the "Single Free Exchange Market" (*Mercado Unico Libre de Cambio*) and many restrictions on acquisition of foreign exchange and payments to overseas suppliers were eliminated. However, we cannot assure that such restrictions may not be implemented again in the future.

Given the economic and political conditions in Argentina, we cannot predict whether, and to what extent, the value of the Argentine peso may depreciate or appreciate against the U.S. dollar, the euro or other foreign currencies. With the change of the Argentine Government in December 2015, the exchange market was partially deregulated, and the gap between the exchange rate published by the BCRA and the black market exchange rate was considerably reduced. We cannot predict how these conditions will affect the consumption of our products. Moreover, we cannot predict whether the new Argentine government will continue its monetary, fiscal, and exchange rate policy amendments and if so, what impact any of these changes could have on the value of the Argentine peso and, accordingly, on our financial condition, results of operations and cash flows, and on our ability to transfer funds abroad in order to comply with commercial or financial obligations.

Government measures to preempt or respond to social unrest may adversely affect the Argentine economy and our business.

During the Argentine economic crisis in 2001 and 2002, Argentina experienced significant social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. Despite Argentina's economic recovery and relative stabilization, social and political tension and high levels of poverty and unemployment continue. In 2008, Argentina faced nationwide strikes and protests. In November of 2012 there was a general strike led by opposition trade unions. The social unrest increased during the last months of 2012, and in December 2012 additional riots occurred, in addition to lootings of shops and supermarkets in cities around the country.

Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights, new taxation policies and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the Argentine economy, and thereby our business, results of operations and financial condition.

The government may order salary increases to be paid to employees in the private sector, which could increase our operating costs and affect our results of operations.

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to increase wages and provide specified benefits to employees, and may do so again in the future. Due to the high levels of inflation, labor organizations are demanding significant wage increases. In 2013, 2014, 2015 and 2016 the increase of the vital and mobile minimum salary was 23.60%, 33.33%, 27% and 35.2%, respectively, and for these same years the market average salary increase for workers was 25%, 30%, 32% and 33.4%, respectively.

It is possible that the Argentine government could adopt measures mandating salary increases and/or the provision of additional employee benefits in the future, which could have a material and adverse effect on our expenses and business, results of operations and financial condition.

Legislative and public policy changes.

In 2015 a new Civil and Commercial Code of the Republic of Argentina came into force that regulates all legal relations of our Argentine subsidiary with its customers, suppliers and consumers. In addition, the new Argentine government which took office in December 2015 has announced that it is considering various bills that could amend Argentinian legislation on issues such as tax, customs, social security, labor, and commerce, among other areas. Also, the new government has announced changes in various public policies, including an increase in controls under the competition act. We cannot guarantee that these legislative amendments, if approved, may not adversely affect our financial condition or results of operations of our Argentine subsidiaries.

Risks Relating to Paraguay

Our business operations in Paraguay are dependent on economic conditions in Paraguay.

12.6% of our assets as of December 31, 2016 and 7.4% of our net sales for the year ended December 31, 2016 corresponded to our operations in Paraguay. Because demand for soft drinks and beverage products is generally related to the economic conditions prevailing in the local market which, in turn, depend on the macroeconomic and political conditions of the country, our financial situation and our results of operations could be adversely affected by changes in these factors over which we have no control.

GDP in Paraguay for the year 2016 grew by 4.0%, according to preliminary figures from the Central Bank of Paraguay published in the month of December of 2016, compared to growth of 3.1% in 2015, 4.7% in 2014, and 14.2% in 2013. Paraguayan GDP is closely tied to the performance of Paraguay's agricultural sector, which can be volatile.

Economic conditions in Argentina and Brazil

The situation of the Paraguayan economy is strongly influenced by the economic situation in Argentina and Brazil. A deterioration in the economic situation of these countries could adversely affect our financial condition and operating results.

Inflation in Paraguay may adversely affect our financial condition and results of operations.

Although it has remained stable at around 4% during the last 5 years, we cannot assure that inflation in Paraguay will not increase significantly. An increase in inflation in Paraguay could decrease the purchasing power of our consumers in the country, which could adversely affect our volumes and impact our sales income.

The Paraguayan guaraní is subject to depreciation and volatility, which could adversely affect our financial condition and results of operations.

The exchange rate of Paraguay is free and floating and the *Banco Central de Paraguay*, or Paraguay Central Bank ("BCP"), actively participate in the exchange market in order to reduce volatility.

In 2016 the guaraní appreciated 0.7% against the U.S. dollar, while in 2015 it depreciated by 25.2%. While the guaraní appreciated during 2016, the local currency follows regional and global trends. When the U.S. dollar's value increases and raw materials lose value, this directly impacts Paraguay's generation of foreign exchange which occurs mainly through the export of raw materials.

A significant depreciation of the local currency could adversely affect our financial situation and financial results, as approximately 25% of our total costs of raw materials and supplies are in U.S. dollars, as well as impact other expenses such as professional fees and maintenance costs.

Risk Factors Relating to the ADRs and Common Stock

Preemptive rights may be unavailable to ADR holders

According to the *Ley de Sociedades Anónimas* No. 18.046 and the *Reglamento de Sociedades Anónimas* (collectively, the "Chilean Companies Law"), whenever we issue new shares for cash, we are required to grant preemptive rights to holders of our shares (including shares represented by ADRs), giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. However, we may not be able to offer shares to United States holders of ADRs pursuant to preemptive rights granted to our shareholders in connection with any future issuance of shares unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to such rights and shares, or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, is available.

Under the procedure established by the Central Bank of Chile, the foreign investment agreement of a Chilean company with an existing ADR program will become subject to an amendment (which will also be deemed to incorporate all laws and regulations applicable to international offerings in effect as of the date of the amendment) that will extend the benefits of such contract to new shares issued pursuant to a preemptive rights offering to existing ADR owners and to other persons residing and domiciled outside of Chile that exercise preemptive rights, upon request to the Central Bank of Chile. We intend to evaluate at the time of any rights offering the costs and potential liabilities associated with any such registration statement as well as the indirect benefits to us of enabling United States ADR holders to exercise preemptive rights and any other factors that we consider appropriate at the time, and then make a decision as to whether to file such registration statement.

We cannot assure you that any registration statement would be filed. To the extent ADR holders are unable to exercise such rights because a registration statement has not been filed, the depositary will attempt to sell such holders' preemptive rights and distribute the net proceeds thereof if a secondary market for such rights exists and a premium can be recognized over the cost of any such sale. If such rights cannot be sold, they will expire and ADR holders will not realize any value from the grant of such preemptive rights. In any such case, such holder's equity interest in the Company would be diluted proportionately.

Shareholders' rights are less well defined in Chile than in other jurisdictions, including the United States

Under the United States federal securities laws, as a foreign private issuer, we are exempt from certain rules that apply to domestic United States issuers with equity securities registered under the United States Securities Exchange Act of 1934, as amended, including the proxy solicitation rules, the rules requiring disclosure of share ownership by directors, officers and certain shareholders. We are also exempt from certain of the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange, Inc., including the requirements concerning independent directors.

Our corporate affairs are governed by the laws of Chile and our *estatutos* or bylaws, which function not only as our bylaws but also as our articles of incorporation. Under such laws, our shareholders may have fewer or less well-defined rights than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction.

Pursuant to Law No. 19,705, enacted in December 2000, the controlling shareholders of an open stock corporation can only sell their controlling shares via a tender offer issued to all shareholders in which the bidder would have to buy all of the offered shares up to the percentage determined by it, where the price paid is substantially higher than the market price (that is, when the price paid was higher than the average market price for a period starting 90 days before the proposed transaction and ending 30 days before such proposed transaction, plus 10%).

The market for our shares may be volatile and illiquid.

The Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. The *Bolsa de Comercio de Santiago* (the "Santiago Stock Exchange"), which is Chile's principal securities exchange, had a market capitalization of approximately US$209,857 million at December 31, 2016 and an average monthly trading volume of approximately US$1,970 million for 2016. The lack of liquidity is owed, in part, to the relatively small size of the Chilean securities markets and may have a material adverse effect on the trading prices of our shares. Because the market for our ADRs depends, in part, on investors' perception of the value of our underlying shares, this lack of liquidity for our shares in Chile may have a significant effect on the trading prices of our ADRs.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Overview

Our legal name is Embotelladora Andina S.A., and our commercial name is Coca-Cola Andina. We were incorporated and organized as a *sociedad anónima* on February 7, 1946 under Chilean regulations, most importantly Chilean Companies' Law N° 18,046. An abstract of our bylaws is registered with the *Registro de Comercio del Conservador de Bienes Raíces de Santiago* (Public Registry of Commerce of the Real Estate Commission Administrator of the City of Santiago) under No. 581 of the year 1946. Pursuant to our bylaws, our term of duration is indefinite.

Our shares of common stock are listed and traded on the Santiago Stock Exchange, on the *Bolsa Electrónica de Chile* (the Chilean Electronic Stock Exchange) and the *Bolsa de Corredores de Valparaiso* (the Valparaiso Stockbrokers Stock Exchange). Our Series A and Series B ADRs representing our Series A and Series B shares, respectively, are listed on the New York Stock Exchange. Our principal executive offices are located at Avenida Miraflores 9153, Piso 7, Renca, Santiago, Chile. Our telephone number is +562-2338-0520 and our website is www.koandina.com.

Our depositary agent for the ADRs in the United States is The Bank of New York Mellon Corporation, located at One Wall Street, New York, New York 10286. Our depositary agent's telephone number is (212) 815-2296. Our authorized representative in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711, United States, and its phone number is (302) 738-6680.

History

Chile

In 1941, The Coca-Cola Company licensed a private Chilean company to produce Coca-Cola soft drinks in Chile and production began in 1943. In 1946, the original licensee withdrew from the license arrangement and a group of U.S. and Chilean investors formed Andina, which became The Coca-Cola Company's sole licensee in Chile.

Between 1946 and the early 1980s, Andina developed the Chilean market for Coca-Cola soft drinks with a system of production and distribution facilities covering the central and southern regions of Chile. In the early 1980s, Andina sold its Coca-Cola licenses for most areas outside the Santiago metropolitan region and concentrated on the development of its soft drink business in the Santiago area. Although no longer the sole Coca-Cola bottler in Chile, we have been the principal manufacturer of Coca-Cola products in Chile for an uninterrupted period of 66 years.

In 1998, we purchased a 49% stake in Vital S.A. from The Coca-Cola Company. Concurrently, The Coca-Cola Company purchased Vital's mineral water springs located in Chanqueahue, 80 miles south of Santiago. As part of the transaction, the Vital bottler agreement was replaced with a Minute Maid International Inc., juice bottler agreement and a new mineral water bottling agreement with The Coca-Cola Company.

The production and packaging business of water, juices and non-carbonated beverages licensed by The Coca-Cola Company in Chile was restructured in 2005. Vital Aguas S.A. ("VASA") was created in 2005 in order to develop the processing, production and packaging of mineral water and other waters by Agua Mineral de Chanqueahue Vital. Andina and Embonor S.A. continued the development of juices and non-carbonated beverages through their ownership stakes in Vital S.A., holding 66.5% and 33.5%, respectively. In January 2011 the juice production business was restructured to allow the incorporation of the other Coca-Cola bottlers in Chile to the ownership of Vital S.A., which changed its name to Vital Jugos S.A. Andina and Embonor hold 65% and 35% stakes in Vital Jugos S.A., respectively.

In 2001, we entered into a joint venture with Cristalerías de Chile to produce PET bottles. On January 27, 2012, Coca-Cola Embonor through its subsidiary, Embonor Empaques S.A. acquired Cristalerías de Chile's stake equivalent to a 50% ownership interest in Envases CMF.

On October 16, 2012, in order to reinforce our leadership position among Coca-Cola bottlers in South America, the Company completed its merger with Embotelladoras Coca-Cola Polar S.A. ("Polar"). Polar is a Coca-Cola bottler with operations in Chile, where it services territories in the II, III, IV, XI and XII regions, as well as parts of Argentina, as described below, and all of Paraguay. The merger grants former shareholders of Polar a 19.68% ownership interest in the merged entity, however the Company controls its day to day operations. As a result of the transaction, we also acquired additional indirect ownership interests in Vital Jugos S.A., Vital Aguas S.A. and Envases Central S.A.

On January 28, 2016, the Company incorporated a closed joint-stock company called Coca-Cola Del Valle New Ventures S.A. ("Coca-Cola Del Valle"). Embotelladora Andina S.A. contributed 35% of the capital of Coca-Cola Del Valle, with Embonor S.A. and Coca-Cola de Chile S.A contributing the remaining 15% and 50%, respectively. The main corporate purpose of Coca-Cola Del Valle is the development and production of juices, waters and non-carbonated beverages under brands owned by The Coca-Cola Company that Andina and Coca-Cola Embonor S.A. are authorized to commercialize and distribute in their respective franchise territories.

Brazil

Andina Brazil, our Brazilian subsidiary, began production and distribution of Coca-Cola soft drinks in Rio de Janeiro in 1942. In June 1994, we acquired 100% of the capital stock of Andina Brazil for approximately US$120 million and contributed an additional US$31 million to Andina Brazil's capital immediately after the acquisition to repay certain indebtedness of Andina Brazil. In 2000, we purchased a Coca-Cola franchise licensee NVG through Andina Brazil for a territory in Brazil comprising the State of Espírito Santo and part of the States of Rio de Janeiro and Minas Gerais, for US$74.5 million. NVG was merged into Andina Brazil in 2000, and its operations were integrated with Andina Brazil in 2001.

In 2004, Andina Brazil entered into a franchise swap agreement with the Brazilian subsidiary of The Coca-Cola Company, Recofarma Indústria do Amazonas Ltda., for an exchange of franchising rights, goods and other assets of Andina Brazil in the territory of Governador Valadares in the State of Minas Gerais, and other franchise rights of The Coca-Cola Company in the territories of Nova Iguaçu in the state of Rio de Janeiro, which were previously owned by Companhia Mineira de Refrescos S.A.

In 2007, The Coca-Cola Company along with the Coca-Cola bottlers in Brazil created a joint venture, Mais Indústria de Alimentos, in order to enhance the non-carbonated business for the entire System in that country, and in 2008 The Coca-Cola System acquired a second company that produces non-carbonated beverages called Sucos del Valle do Brasil Ltda. These two companies merged in 2011 and SABB (Sistema de Alimentos y Bebidas do Brasil) was created.

In 2010, The Coca-Cola Company along with its bottlers, acquired in a joint venture the company Leão Junior S.A. with a consolidated presence and market share in Andina Brazil's region in the category of iced tea. Leão Junior S.A. commercializes the Matte Leão brand, among others. Andina Brazil controls 18.20% of Leão Junior S.A. Andina Brazil holds a 10.74% average ownership interest in Leão Junior S.A and SABB.

In November, 2012 Andina Brazil acquired a 40% stake in Sorocaba Refrescos S.A., a Coca-Cola bottler located in the state of Sao Paulo, for R$146,946,004.

On October 11, 2013, Andina Brazil, a subsidiary of Embotelladora Andina S.A. ("Coca-Cola Andina") in Brazil, closed the acquisition of 100% of the capital stock of Companhia de Bebidas Ipiranga ("Ipiranga") in an all-cash transaction. Ipiranga is also a Coca-Cola bottler with operations in part of the States of São Paulo and part of the State of Minas Gerais. This acquisition was previously arranged between the parties through an agreement signed on July 10th, 2013. The final price paid was R$1,155,445,998. Ipiranga is a leading bottler of The Coca-Cola System in Brazil that operates in certain territories of the states of São Paulo and Minas Gerais. During 2012, its sales volume amounted to 89.3 million unit cases, with revenues amounting to R$695 million, and an EBITDA of R$112 million.

During 2013, there was a restructuring of the juice and mate business, pursuant to which the companies in which Rio de Janeiro Refrescos Ltda. held an interest were merged. As a result of the restructuring Rio de Janeiro Refrescos Ltda. ended up with a 9.57% ownership interest in Leão Alimentos y Bebidas Ltda., the legal successor of these companies. This percentage increased to 10.87% as a result of our acquisition of, and subsequent merger with, Compañía de Bebidas Ipiranga that held an ownership interest in Leão Alimentos y Bebidas Ltda. During 2014, Rio de Janeiro Refrescos Ltda. sold 2.05% of its ownership interest in Leão Alimentos e Bebidas Ltda., remaining with a final ownership interest of 8.82%.

During 2015 and 2016, Rio de Janeiro Refrescos made two capital increases in Leão Alimentos S.A for a total amount of R$ 39.9 million. Rio de Janeiro Refrescos' ownership interest in Leão Alimentos S.A did not increase, given that all of the shareholders of Leão Alimentos S.A proportionally participated in the capital increase.

During 2016, Rio de Janeiro Refrescos, along with Coca-Cola Brazil and the other bottlers in Brazil, purchased Laticinios Verde Campo Ltda. The purchase was made through Trop Frutas do Brasil Ltda. a subsidiary of Leão Alimentos S.A. Rio de Janeiro Refrescos acquired 7.52% of Laticinios Verde Campo Ltda. in R$ 29.5 million.

In 2016, Rio de Janeiro Refrescos signed an agreement with Monster Energy Company for the distribution of Monster Energy products in Andina Brazil's territory. These began being distributed on November 1, 2016.

In 2016, Rio de Janeiro Refrescos closed its production facility in Cariacica, State of Espirito Santo, leaving only two production facilities, in the States of Rio de Janeiro and Sao Paulo.

Argentina

Production of Coca-Cola soft drinks in Argentina began in 1943 with operations in the province of Córdoba, Argentina, through Inti S.A.I.C., ("INTI"). In July 1995, we, through an investment company incorporated in Argentina called Inversiones del Atlántico S.A., ("IASA"), acquired a 59% interest in Embotelladoras del Atlántico S.A. ("Edasa", the parent company of Rosario Refrescos S.A. and Mendoza Refrescos S.A. These entities were subsequently merged to create Rosario Mendoza Refrescos S.A., ("Romesa"). In 1996, we acquired an additional 35.9% interest in Edasa, an additional 78.7% interest in Inti, a 100% interest in Cipet (a PET plastic bottle and packaging business located in Buenos Aires) and a 15.2% interest in Cican S.A. During 1997, the operations of Romesa were merged with INTI. In 1999, EDASA was merged into IASA. In 2000, IASA was merged into INTI, forming Embotelladora del Atlántico S.A. ("EDASA"). In 2002, Cipet merged into EDASA. During 2007, EDASA's ownership interest in Cican S.A. was sold to FEMSA.

During 2011, EDASA resolved the division of part of its equity to form a new company, Andina Empaques Argentina S.A., transferring all activities and assets necessary for the development of EDASA's Packaging

Division. Accounting and tax effects began on January 1, 2012. Subsequently, EDASA absorbed Coca-Cola Polar Argentina S.A. by merger. The corresponding Definitive Merger Agreement was registered in the Public Register of Trade of the Province of Córdoba under the Contracts and Dissolves Protocol Registration N ° 007-A25 on September 24, 2014. The merger's tax and accounting effects began on November 1, 2012. Currently EDASA is the Coca-Cola bottler in the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Ríos, part of the province of Buenos Aires and in almost all of Santa Fe, as well as in La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego, Antarctica and South Atlantic Islands.

Additionally, as a result of the Company's merger with Polar which was completed in October 16, 2012 and is more fully described above, the Company gained territory serviced by Polar in Argentina, consisting of territories in Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro La Pampa and the western zone of the province of Buenos Aires.

Finally, after the issuance of favorable opinions, on December 2, 2015 the National Commission for the defense of Competition in the Republic of Argentina, a non-concentrated organism under the administration of the Undersecretary of Trade of the Secretary of Trade of Ministry of Economy and Public Finances, notified EDASA of Resolution No. 640 dictated on November 24, 2015 by the Secretary of Trade of the Ministry of Economy and Public Finances under which it moved to authorize and approve the economic concentration caused by the (i) merger by incorporation between the Chilean company Embotelladora Andina S.A., as surviving entity, and Embotelladoras Coca-Cola Polar S.A, and (ii) the merger by incorporation between EDASA as surviving entity, and Coca-Cola Polar Argentina S.A, respectively, under article 13, inc. a) of Law 25.156.

Paraguay

PARESA is the first authorized Coca-Cola Bottler Company in Paraguay, which started its operations in May 13, 1965. In 1967, Plant 1 opened with a capacity of 400,000 annual unit cases. In 1980, the Barcequillo Plant - located on Km 3.5 Barcequillo of the Ñemby route, in the City of San Lorenzo- was opened, reaffirming and applying the concept of the highest end technology of bottling. Beginning in 2004, PARESA became property of the Grupo Polar from Chile, continuing its operations in the Paraguayan market. On October 1, 2012, PARESA became part of Grupo Coca-Cola Andina due to the merger of Embotelladoras Coca-Cola Polar S.A. into Embotelladora Andina S.A.

Capital Expenditures

During 2016, we used external financing to refinance certain current financial liabilities, to cover temporary cash shortages and other corporate purposes.

The following table sets forth our capital expenditures by country for the 2014-2016 period:

	Year ended December 31,		
	2014	2015	2016
	MCh$	MCh$	MCh$
Chile	45,110	50,043	42,430
Brazil	30,280	24,831	39,517
Argentina	25,724	30,056	37,030
Paraguay	13.103	7,470	9,240
Total	114,217	112,400	128,217

During 2016, we made investments totaling Ch$1,532 million (unaudited figures) for improvements in industrial processes, equipment to measure industrial waste flows, laboratory analyses, consulting on environmental impacts and other studies. For further details please refer to Note 29 of our consolidated financial statements filed herewith.

Our total capital expenditures were Ch$114,217 million in 2014, Ch$112,400 million in 2015 and Ch$128,217 million in 2016.

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We have budgeted approximately US$200-230 million for our capital expenditures in 2017. Our capital expenditures in 2017 are primarily intended for:

- investments in production capacity (primarily for a plant in Brazil among other investments);
- market investments (primarily for the placement of coolers); and
- returnable bottles and cases.

For 2017, we estimate that internally generated funds will finance a large part of our budgeted capital expenditure. Our capital expenditure plan for 2017 may change based on market conditions, our results or based on the variation of financial resources managed.

In 2016, capital expenditures were principally related to the following:

Argentina

- Bottles (glass and PET) and bottle cases;
- Coolers and post mix equipment;
- New Hot Fill Line (Montecristo Plant — running since 2017);
- New caps line for packaging (Andina Empaques Plant);
- Process adaptation and new towers at Raw Sugar Plant (investment initiated in 2015);
- Molds and tooling of new SKUs (CDS investment initiated in 2015);
- Deposit for raw materials (Montecristo plant);
- Expansion of packaging patio (Montecristo plant);
- Forklifts; and
- Purchase of tetra line for 1000 cm3 (Montecristo plant, exercising leasing purchase option).

Brazil

- Begin construction of the Duque de Caxias plant;
- Completion of the Caju Distribution Center;
- REF PET and glass returnable bottles and bottle cases;
- Coolers and post-mix equipment for the point of sale;
- Structure adaptation for Olympic Games;
- Production line adaptation for mineral waters;
- Machinery to increase efficiency and production capacity; and
- Acquisition of distribution trucks and motorcycles for the sales force.

Chile

- Returnable bottles (glass and PET) and bottle cases;
- Cold equipment, post-mix and other equipment for points of sale;
- Purchase of distribution trucks and tow trucks;
- Infrastructure investments at Renca plant, in logistics and sorting; and
- Machinery to improve efficiency and production capacity.

Vital Jugos

- Upgrade OW PET L2 bottle line;
- Installation of CCTV, IP Technology
- Acquisition and installation of tilter, cooling tunnel and vacuum transportation to nectar L1 filling room;
- Roof expansion in loading patio;
- Acquisition and installation of generator at power substation; and

- Implementation of 2 new formats for Fuze products in L1.

Vital Aguas:

- Upgrade L1 OW Glass bottle line;
- Acquisition of overhauled PET B&H 2300 labelling equipment;
- Acquisition and installation of MADEF CE-600 evaporating condenser; and
- L3 and L4 rinser water recovery circuit.

Paraguay

- Line 2 and Line 4 flexibility to fill 1500 cc and 1000 cc returnable glass;
- Replacement of Line 2 washing basket;
- Returnable bottles and plastic cases; and
- Cooling equipment.

B. BUSINESS OVERVIEW

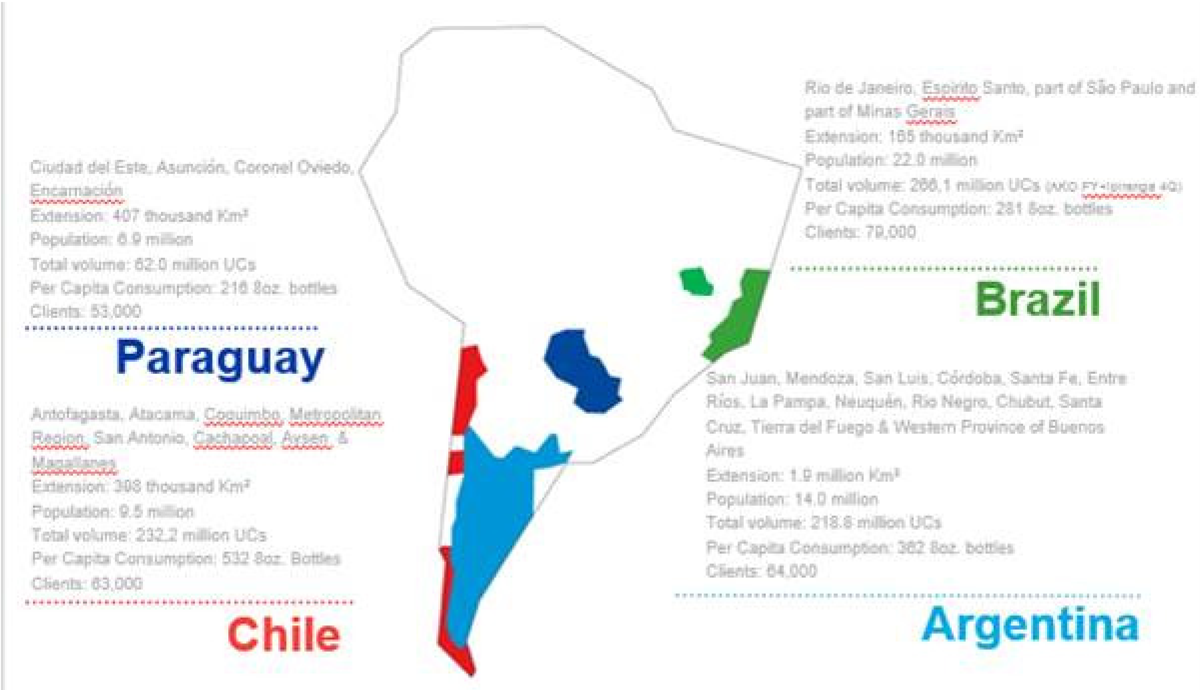
We believe we are the third largest bottler of Coca-Cola trademark beverages in Latin America in terms of sales volume. We believe we are the largest bottler of Coca-Cola trademark beverages in Chile, the second largest in Argentina and the third largest in Brazil, in each case in terms of sales volume. We are also the only bottler of Coca-Cola trademark beverages in Paraguay. In 2016, we had consolidated net sales of Ch$1,777,459 million and total sales volume of 779.0 million unit cases of Coca-Cola soft drinks.

In addition to our soft drinks business, which accounted for 74% of our consolidated net sales during 2016, we also:

- produce and distribute fruit juices, other fruit-flavored beverages, flavored waters, mineral and purified water in Chile, Argentina and Paraguay under trademarks owned by The Coca-Cola Company;
- manufacture polyethylene terephthalate (“PET”) bottles primarily for our own use in the packaging of Coca-Cola soft drinks in Chile and Argentina, where we also produce returnable PET bottles, cases and plastic caps;
- produce Tea and Juices in Brazil for Leão Alimentos e Industria Ltda.;
- distribute non-carbonated beverages such as tea, fruit juices, energy drinks, sport drinks and waters in Brazil under trademarks owned by The Coca-Cola Company;
- distribute beer in Brazil under the brands Amstel, Bavaria, Birra Moretti, Desperados, Dos Equis (XX), Edelweiss, Heineken, Kaiser, Sol and Xingú;
- distribute beer in the south of Argentina; and

Our Territories

The following map shows our territories, estimates of the population to which we offer products, the number of retailers of our beverages and the per capita consumption of our beverages as of December 31, 2016.



Per capita consumption data for a territory is determined by dividing total beverage sales volume, excluding the sales to other Coca-Cola bottlers within the territory by the estimated population within such territory, and is expressed on the basis of the number of eight-ounce servings of our products consumed annually per capita. One of the factors we use to evaluate the development of local volume sales in our territories and to determine product potential is the per capital consumption of our beverages.

Our Product Overview

We produce, market and distribute the following Coca-Cola trademark beverages and brands licensed from third parties throughout our franchise territories. In addition, we distribute Heineken brand beer in Brazil and southern Argentina. The following table sets forth our brands as of December 31, 2016:

	Chile	Brasil	Argentina	Paraguay
Colas:				
Coca-Cola	✓	✓	✓	✓
Coca-Cola Light	✓	✓	✓	
Coca-Cola Zero	✓	✓	✓	✓
Coca-Cola Life	✓	✓		
Flavored soft drinks				
Crush			✓	✓
Fanta	✓	✓	✓	✓
Fanta Zero	✓	✓	✓	✓
Inca Kola	✓			
Inca Kola Zero.	✓			
Kuat		✓		
Kuat Zero		✓		
Nordic Mist	✓			
Nordic Mist Zero	✓			
Quatro	✓		✓	

	Chile	Brasil	Argentina	Paraguay
Sprite	✓	✓	✓	✓
Sprite Zero	✓	✓	✓	✓
Schweppes		✓	✓	✓
Schewppes Zero			✓	✓
Schweppes Soda				
Cantarina	✓			
Juice				
Cepita			✓	
Del Valle	✓	✓		
Kapo	✓	✓		
Frugos	✓			✓
Frugos Light				✓
Mais		✓		
Water				
Aquarius	✓		✓	✓
Benedictino	✓			
Bonaqua			✓	
Kin			✓	
Crystal		✓		
Dasani				✓
Glaceau	✓			
Vital	✓			
Other				
Black	✓			
Burn	✓	✓		✓
Monster	✓	✓		
Monster Zero	✓	✓		
Chá Leão		✓		
Fuze	✓	✓		
I9		✓		
Leão Ice Tea		✓		
Matte Leão		✓		
Powerade	✓	✓	✓	✓
Powerade Zero	✓	✓		
Beer				
Amstel		✓	✓	
Bavaria		✓		
Bieckert			✓	
Birra Moretti		✓		
Budweiser			✓	
Desesperados		✓		
Dos Equis (XX)		✓		
Edelweiss		✓		
Heineken		✓	✓	
Imperial			✓	
Kaiser		✓		
Kunstmann			✓	
Palermo			✓	
Sagres		✓		
Schneider			✓	
Sol		✓	✓	
Xingu		✓		

In Chile, through the Koolife business unit we import and distribute in Chile Coca-Cola Cherry, Coca-Cola Vainilla, Coca-Cola without caffeine, Smartwater, GoldPeak (three flavors), GoldPeak Diet. Core Power (three flavors) and Zico (two flavors).

We produce, market and distribute Coca-Cola soft drinks in our franchise territories through standard bottler agreements between our bottler subsidiaries and the local subsidiary in each jurisdiction of The Coca-Cola Company (collectively, the "Bottler Agreements"). We consider the enhancement of our relationship with The Coca-Cola Company to be an integral part of our business strategy.

We seek to enhance our business throughout the franchise territories by developing existing markets, penetrating other soft drink, waters and juices markets, forming strategic alliances with retailers to increase consumer demand for our products, increasing productivity, and by further internationalizing our operations.

Reporting Segments

The following discussion analyzes our product sales and customers by reporting segments.

Chile

In Chile, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the metropolitan region of Santiago and the neighboring provinces of Cachapoal and San Antonio, as well as the regions of Antofagasta, Atacama, Coquimbo, Aysén and Magallanes. Chile accounted for 29.8% and 30.3% of our volume and consolidated net sales, respectively, during 2016.

Soft Drinks. Our Chilean soft drink operations accounted for net sales in 2016 of Ch$391,479 million. We measure sales volume in terms of unit cases, which we refer to as UCs. Unit cases contain 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Chile for the periods indicated:

	Year ended December 31,					
	2014		2015		2016	
	Ch$	UCs	Ch$	UCs	Ch$	UCs
	(in millions)					
Colas	262,901	122.8	262,173	115.4	265,516	109.4
Flavored soft drinks	100,222	45.7	113,820	50.1	125,963	51.9
Total	363,123	168.5	375,993	165.5	391,479	161.3

As of December 31, 2016, we sold our products to approximately 63,000 customers in Chile. Although the mix varies significantly among the franchise territories, our distribution network generally relies on a combination of Company-owned trucks and independent distributors in each territory. The following table highlights the type of customer in Chile for our products:

	Year ended December 31,		
	2014	2015	2016
	(%)		
Mom & Pops(1)	53	50	48
Supermarkets	25	26	28
On premise	15	13	12
Wholesale distributors	7	11	12
Total	100	100	100

(1) Mom & Pops: are neighborhood stores (grocery stores, minimarkets, kiosks, liquor stores, bakeries, etc.) characterized by providing daily shopping needs, and differentiated because they are nearby, the provide informal credit and products are available in smaller formats.

Other Beverages. In addition to Coca-Cola soft drinks, through Vital Jugos S.A., we produce and sell juices, other fruit flavored beverages, ready-to-drink tea and sports drinks, and through Vital Aguas S.A. we produce and sell mineral water and purified water. Juices are produced and sold under the brands Andina del Valle (juices and fruit nectars), Kapo (juice drink), Fuze Tea (ready-to-drink tea), Glaceau Vitamin Water (water with added vitamins and minerals) and Powerade (isotonic).

Waters are produced and sold under the brands Vital (mineral water) as sparkling, still and lightly carbonated and Benedictino (purified water) as sparkling and still.

In 2016, net sales of waters and juices in Chile represented 8.4% of our consolidated net sales. On a consolidated basis, sales of waters and juices in Chile were Ch$148,948 million.

Brazil

In Brazil, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the majority of the State of Rio de Janeiro and the entirety of the State of Espírito Santo and as of October 1, 2013 in part of the state of São Paulo and part of the state of Minas Gerais, as a consequence of the consummation of the Ipiranga acquisition on October 1, 2013. Brazil accounted for 34.2% and 33.2% of our volume and consolidated net sales, respectively, during 2016.

Soft Drinks. The Brazilian soft drink operations accounted for net sales of Ch$389,048 million. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Brazil for the periods indicated:

	Year ended December 31,					
	2014		2015 (in millions)		2016	
	Ch$	UCs	Ch$	UCs	Ch$	UCs
Colas	365,744	186.6	320,220	180.7	295,115	164.0
Flavored soft drinks	125,188	63.6	97,289	54.9	93,933	52.2
Total	490,931	250.2	417,509	235.6	389,048	216.2

As of December 31, 2016, we sold our products to approximately 79,000 customers in Brazil. The following table highlights the type of customer in Brazil for our products:

	Year ended December 31,		
	2014	2015 (%)	2016
Mom & Pops	26	25	25
Supermarkets	31	31	31
On premise	21	21	20
Wholesale distributors	22	23	24
Total	100	100	100

Other Beverages. We distribute beer under the Amstel, Bavaria, Birra Moretti, Desesperados, Dos Equis (XX), Edelweiss, Heineken, Kaiser, Sol and Xingu labels. We also distribute water under the label Crystal and sell and distribute ready-to-drink juices under the labels Del Valle Frut, Del Valle Mais, Del Valle 100%, Del Valle Reserva and Del Valle Kapo, energy drinks under the brand names Burn and Monster, isotonic drinks under i9 and Powerade brand names and Fuze Chá Leão, Fuze Ice Tea, FuzeMatte Leão, and Guaraná Leão ready-to-drink teas.

In 2016, net sales of beer, waters, juices, ready-to-drink teas, isotonic and energy drinks in Brazil were Ch$201,097 million, representing 11.3% of our consolidated net sales.

Argentina

In Argentina, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entirety of the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Rios, part of the Province of Buenos Aires and most of Santa Fe, as well as La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del

Fuego, Antarctica and South Atlantic Islands. Argentina accounted for 28.1% and 29.1% of our sales volume and consolidated net sales, respectively, during 2016.

Soft Drinks. The Argentine soft drink operations accounted for net sales of Ch$424,428 million in 2015. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Argentina for the periods indicated:

	Year ended December 31,					
	2014		2015 (in millions)		2016	
	Ch$	UCs	Ch$	UCs	Ch$	UCs
Colas	294,241	149.5	384,429	147.1	307,201	132.6
Flavored soft drinks	97,558	49.6	139,032	53.2	117,227	50.6
Total	391,799	199.1	523,461	200.3	424,428	183.2

As of December 31, 2016, we sold our products to approximately 63,000 clients in Argentina. The following table highlights the type of client in Argentina for our products:

	Year ended December 31,		
	2014	2015 (%)	2016
Mom & Pops	44	35	33
Supermarkets	22	28	30
On premise	3	3	3
Wholesale distributors	31	34	34
Total	100	100	100

Other Beverages. In Argentina, we produce and distribute ready-to-drink juices under the Cepita brand name. We also produce and sell water under the brands Kin, Bonaqua (sparkling and still mineral water), Aquarius and Quatro Liviana (flavored waters), and Powerade (isotonic). Also, with the incorporation of Coca-Cola Polar Argentina S.A., starting 2012, we distribute beers including Palermo, Schneider, Heineken, Budweiser, Amstel, Bieckert, Sol, Imperial and Kunstmann

In 2016, net sales of juices, waters, tea based beverages, isotonic and energy drinks in Argentina were Ch$83,519 million, representing 4.7% of our consolidated net sales.

Paraguay

In Paraguay, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entire country. Paraguay accounted for 8.0% and 7.4% of our volume and consolidated net sales, respectively, during 2016.

Soft Drinks. The Paraguayan soft drinks operations accounted for net sales of Ch$106,954 million. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Paraguay for the periods indicated:

	Year ended December 31,					
	2014		2015 (in millions)		2016	
	Ch$	UCs	Ch$	UCs	Ch$	UCs
Colas	65,866	33.2	62,337	30.9	63,034	31.0
Flavored soft drinks	40,713	20.6	43,373	21.5	43,920	21.6
Total	106,579	53.8	105,710	52.4	106,954	52.6

As of December 31, 2016, we sold our products to approximately 53,000 customers in Paraguay. The following table highlights the type of customer in Paraguay for our products:

	Year ended December 31,		
	2014	2015	2016
		(%)	
Mom & Pops	44	45	47
Supermarkets	11	11	12
On premise	22	23	23
Wholesale distributors	23	21	18
Total	100	100	100

Other Beverages. In Paraguay, we produce and distribute juices ready to be consumed under the trademark Frugos. We also manufacture and sell water under the trademarks Dasani (purified water) and Aquarius (flavored water), and isotonic drinks like Powerade. We also manufacture and sell energy drinks under the trademark Burn in disposable glass bottles and we import and distribute cans under the trademark Burn.

In 2016, net sales of juices, waters, isotonic and energy drinks in Paraguay were Ch$25,052 million, representing 1.4% of our consolidated net sales.

Distribution

Chile

Soft Drinks. In Chile, we generally distribute Coca-Cola soft drinks through a distribution system that includes: (i) trucks operated by independent distributors pursuant to exclusive distribution arrangements with us (622 trucks) and (ii) our own trucks (75 trucks). In 2016, 85% was distributed by exclusive distributors and 15% by our own trucks. Distribution of all of Andina Chile's beverages takes place from distribution centers and production facilities. The 60 distributors collectively service all of our Chilean customers. In most cases, the distributor collects payment from the customer in cash or check. Where applicable, the driver also either collects empty returnable glass or PET bottles of the same type and quantity as the bottles being delivered, or collects cash deposits for the net returnable bottles delivered. This task is particularly significant in the Chilean territory where returnable containers accounted for approximately 50.0% of total soft drinks volume in 2016. Certain important customers (such as supermarkets), maintain accounts receivables with us, which are settled on average every 39 days after invoices are issued. On average, accounts receivable from all credit sales clients are liquidated on a 38 day term.

Other Beverages. Juices and waters throughout Chile are distributed by means of distribution agreements between The Coca-Cola Company and the Coca-Cola bottlers in Chile. In 2016, Andina distributed approximately 67% of the products of Vital Jugos and Vital Aguas. Under Vital Jugos' and Vital Aguas' distribution agreements, each bottler has the exclusive right to distribute waters and juices in its territory.

Our management believes that our distribution arrangements for waters and juices provide an effective means of distributing those products throughout Chile using the extensive distribution system of the Coca-Cola bottlers. We have a good working relationship with the other Coca-Cola bottler that distribute waters and juices. If the other Coca-Cola bottler was to cease distribution, our management believes it could arrange alternative distribution arrangements, but the transition to the new arrangements could involve significant delays in distributing products and would involve additional costs and an initial reduction in sales.

Brazil

Soft Drinks. In Brazil, we generally distribute Coca-Cola soft drinks through a distribution system that includes: (i) trucks operated by independent distributors pursuant to exclusive distribution arrangements with us; (ii) trucks operated by independent transport companies on a non-exclusive basis and (iii) our own trucks. In 2016, 10 was distributed by exclusive distributors, 18% by independent transport companies and 72% by our own trucks. Distribution of all of Andina Brazil's beverages takes place from distribution centers and production facilities. In 2016, approximately 7.5% of Andina Brazil' soft drink sales were paid for in cash at the time of delivery and 92.5% were paid were paid with other bank securities with an average payment term of 17 days.

Other Beverages. Andina Brazil uses its distribution system to distribute beer in the Brazilian territory. Andina Brazil started distributing beer in the 1980s as a result of the acquisition of Cervejarias Kaiser S.A. ("Kaiser") by a consortium of Coca-Cola bottlers (including Andina Brazil) in Brazil. In March 2002, the Canadian brewing company Molson Inc. acquired Kaiser. In 2006, FEMSA acquired from Molson a controlling ownership interest in Kaiser and in 2010, Heineken acquired a controlling interest in FEMSA's beer operation. Andina Brazil buys beer from Heineken at a price determined by Heineken and sells it to its customers with a fixed margin. In the case of certain discount sales that have been approved by Heineken, Heineken shares between 50% and 100% of the cost of such discounts. In 2016, Andina Brazil's net sales of beer were Ch$89,637 million, of which Amstel beer brand accounted for 13.7%, Bavaria brand beer accounted for 27.2%, Heineken for 26.3%, Kaiser for 30.6%, Sol for 1.9%, and all the other brands accounted for 0.3% of net sales.

The Coca-Cola Company and the Brazilian Association of Coca-Cola Manufacturers entered into an agreement regarding the distribution through the Coca-Cola System of beer produced and imported by Heineken. The agreements were signed May 30, 2003, and are renewable for a period of 20 years. Andina Brazil is not allowed to produce, bottle, sell or obtain any interest in any bottled or tap beer under any other label or in any bottle or packaging that could be confused with brand beers, except as may be mutually agreed in writing between Andina Brazil and Heineken.

Argentina

Soft Drinks. In 2016, 67% of Edasa's Coca-Cola soft drinks were distributed by direct distribution and 33% by other distributors and wholesale distribution (indirect distribution). All distribution is done by a group of independent transport companies. In 2016, approximately 67% of EDASA's soft drink sales were paid for in cash and 33% were credit sales.

Other Beverages. Andina Argentina uses its distribution system to distribute beer in the territory composed by the provinces of La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego and the following parts of the Province of Buenos Aires: Bahía Blanca, Tornquist, Coronel M.L.Rosales, Coronel Dorrego, Villarino, Daireaux, Guamini, Adolfo Alsina, Coronel Suarez, Coronel Pringles, Saavedra, Puán, Saliqueló, Municipio Urbano de Monte Hermoso, Benito Juárez, Gonzalez Chávez, Tres Arroyos, Carmen de Patagones, Olavarría, Azul, Tapalqué, Laprida, Lamadrid, Arrecifes, Chacabuco, Colón, Pergamino, Rojas, Salto, Bartolomé Mitre, Capitán Sarmiento, 9 de Julio, 25 de Mayo, General Alvear, Chivilcoy, Alberti, Bragado, Junín, Viamonte, Arenales, L.N.Alem, Lincoln, General Pinto, Ameghino, Tres Lomas, Pehuajó, Carlos Casares, Hipólito Yrigoyen, Bolívar, Carlos Pellegrini, Trenque Lauquen, Rivadavia, Carlos Tejedor, General Villegas. Andina Argentina began distributing beer in 2012 due to the merger with Coca-Cola Polar. Andina Argentina distributes on behalf of and according to an order by CICSA (*Compañía Industrial Cervecera S.A.*) at a set price which is segmented for each of the regions where the contract operates, and for which Andina Argentina receives a commission.

The Coca-Cola Company and two bottlers (ex Coca-Cola Polar Argentina S.A. — today Andina Argentina — and ex Juan Bautista Guerrero S.A. — today Salta Refrescos S.A. of the Arca group) executed a master agreement regarding the distribution of beer manufactured or imported by CICSA, through the Coca-Cola distribution system. The distribution master agreement was executed on June 12, 2003 for an initial period of five years, with successive extensions every three years, the last one expiring June 12, 2017 (in the renewal process).

Paraguay

Soft Drinks. PARESA distributed 80.2% Coca-Cola soft drinks through direct distribution, and 19.2% through wholesale distributors. All direct distribution is done by a group of small truck businessmen. In 2016 approximately 68.8% of sales of Paresa soft drinks were paid in cash and 31.2% were credit sales.

Competition

We face intense competition throughout the franchise territories principally from bottlers of competing soft drink brands. See “Item 3. Key Information — Risk Factors — Risks Related to our Company — Our business is highly competitive including with respect to price competition which may adversely affect our net profits and margins.” The following table presents the market share of our main competitors in Chile, Brazil, Argentina and Paraguay for the periods indicated:

Market Share

	2014				2015				2016			
	Chile	Brazil	Argentina	Paraguay	Chile	Brazil	Argentina (%)	Paraguay	Chile	Brazil	Argentina	Paraguay
Coca-Cola soft drinks	69	61	61	62	69	62	62	66	68	63	62	68
Pepsi Bottler soft drinks	26	19	20	12	27	19	19	9	28	17	18	10
Other soft drinks	5	20	19	26	4	19	19	25	4	20	20	22
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: A.C. Nielsen, with the exception of Paraguay, where the data was collected by IPSOS in 2014.

Chile

Soft Drinks. The soft drink segment of the Chilean beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to deliver product in popular bottle sizes, distribution capacity, and the amount of returnable bottles held by retailers or by consumers. Returnable bottles can be exchanged at the time of new purchases in lieu of paying a bottle deposit, thereby decreasing the purchase price. Our main competitor in the Chilean franchise territory is Embotelladora Chilenas Unidas or ECUSA, a subsidiary of Compañía Cervecerías Unidas S.A. or CCU, the largest brewer in Chile. ECUSA produces and distributes Pepsi-Cola products and its own brands (soft drinks and bottled water). Based on reports by A.C. Nielsen, we estimate that in 2016, our average soft drink market share within our franchise territories was 68.2%.

Other Beverages. Vital Aguas’ principal competitor in the water segment is CCU, but there is also competition from low priced brands (“B-brands”) in the water segment in Chile. Vital Jugos S.A.’s principal competitors in the juice segment are, Watt’s-CCU, Corpora Tres Montes and three of the leading dairy producers in Chile: Soprole S.A., Nestlé Chile S.A. and Loncoleche S.A.. During 2006, CCU acquired a 50% ownership interest of the juice brands in Chile and created a joint venture for the management of this business area. The Chilean market for fruit-flavored beverages and waters also includes low-cost, lower-quality fruit juice concentrates and artificially flavored powdered beverage mixes. We do not consider these products competition for our waters and juices business because we believe that these products are of lower quality and value. Based on reports by A.C. Nielsen, we estimate that in 2016, our market share within our Chilean franchise territories was approximately 34.6% for juices and others segment and approximately 42.9% for waters.

Brazil

Soft Drinks. The soft drink segment of the Brazilian beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising and distribution capacity (including the number and location of sales outlets). According to A.C. Nielsen, our main soft drink competitor in the Brazilian territory is American Beverage Company or AmBev, the largest beer producer and distributor in Brazil and also produces soft drinks, including Pepsi-Cola products. Based on reports by A.C. Nielsen, we estimate that in 2016, our average soft drink market share within our Brazilian franchise territories was approximately 63.4%.

Other Beverages. In the beer sector, Andina Brazil’s main competitor is AmBev which during 2014 had a very dominant position in the Brazilian market. In our Rio de Janeiro and Espiritu Santo franchise our market share for waters was 8.1%, where we distribute under the Crystal brand mineral water. In the segment of juices and others our market share was 47.0%.

Argentina

Soft Drinks. The soft drink segment of the Argentine beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to produce bottles in popular sizes and distribution capacity. Our greatest competitor in Argentina is InBev. The most significant B-brand competitors are: Pritty, Manaos. Talca and Interlagos. Based on reports by A.C. Nielsen, we estimate that in 2015, our average soft drink market share within our Argentine franchise territories was approximately 61.6%.

Other Beverages. We service the market for plain and flavored water through the Bonaqua and Aquarius brands, through which we have 14.5% of the market. In addition the market of juices and others is serviced through the Cepita juice brand, and Powerade in isotonic, where we have a market share of 33.4%.

Paraguay

Soft Drinks. The soft drink segment of the Paraguayan beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to produce bottles in popular sizes and the amount of returnable bottles held by retailers or by consumers.

Our greatest competitor, local brand "Niko/De La Costa," is produced and bottled by Embotelladora Central S.A., which has a 12.1% market share. B-brands in Paraguay represent 24.9% of the soft drink industry. Pepsi had a market share of 11.1% in December 2016, and is produced and marketed by Group Vierci, a local franchisee. Based on reports by A.C. Nielsen, we estimate that in 2016, our average soft drinks market share within our Paraguayan franchise territories was approximately 67.8%.

Other Beverages. We are leaders in all non-carbonated categories, except energy drinks. In waters, we have a market share of 49.4% with the Aquarius and Dasani brands. Additionally, the market for juices and others is serviced, among others by the trademark Frugos in juices and Powerade in isotonic where we have a market share of 41.4%.

Seasonality

Each of our lines of business are seasonal. Most of our beverage products have their highest sales volumes during the South American summer (October through March), with the exception of nectar products, which have a slightly higher sales volume during the South American winter (April through September).

Packaging

Overview and Background

We produce PET bottles in both returnable and non-returnable formats and plastic caps. As a returnable packaging material, PET has advantages compared to glass because it is lightweight, difficult to break, transparent and easily recyclable. On average, returnable PET bottles can be used up to 12 times. Non-returnable PET bottles also are produced in various sizes and are used by a variety of soft drink producers and, in Chile, by producers of edible oil products, wine and personal hygiene products.

EDASA produces and distributes Coca-Cola soft drinks in glass bottles and returnable and non-returnable PET bottles of various sizes and also in aluminum cans. They are also distributed as post-mix syrup, which is mixed with carbonated water in a dispenser at the point of sale, in stainless steel and bag-in-box containers. EDASA produces and distributes Coca-Cola soft drinks in returnable and non-returnable glass and PET bottles of various sizes, in aluminum cans and as post-mix syrup.

Juices are distributed in non-returnable PET bottles and Tetra Pak containers EDASA also produces and distributes mineral and mineralized water in returnable glass bottles and non-returnable PET bottles. Lastly, it produces and distributes flavored water in non-returnable PET bottles and aluminum cans and isotonic drinks in non-returnable PET bottles.

Sales

In 2016, AEASA had net sales of Ch$20,602 million with sales to EDASA and other related companies amounting to Ch$13,333 million. AEASA also sold PET bottles to third parties accounting for approximately Ch$7,269 million.

Competition

We are suppliers of returnable and non-returnable PET bottles, plastic caps and cases for Coca-Cola bottlers in Argentina and Chile. According to the pre-existing agreements between The Coca-Cola Company and the other Coca-Cola bottlers within South America, we must obtain the consent and assistance of The Coca-Cola Company to expand our sales of returnable PET bottles to said bottlers.

In Chile, we do not have any principal competitors in the non—returnable PET bottles market for oils, wines and personal hygiene. There are a few producers of non-returnable PET bottles in Chile who are significantly smaller than CMF. Plasco S.A., the second Chilean manufacturer of non-returnable PET bottles, does not compete with us because it is the exclusive supplier of PET bottles for ECUSA. (The Chilean Pepsi bottler).

In Argentina, we compete principally with Alpla S.A. and Amcor. AEASA supplies returnable PET bottles to all Coca-Cola bottlers in Argentina.

PET Agreements

On June 29, 2001, we and Cristalerías de Chile S.A. signed a series of contracts forming a joint venture for the development of a PET production facility in Chile through the formation of Envases CMF S.A. We contributed the assets necessary to further the development of the joint venture. Our subsidiary Andina Inversiones Societarias S.A. holds a 50% stake in the joint venture while Cristalerías de Chile S.A. retains the other 50% interest. On January 27, 2012, Coca-Cola Embonor through its subsidiary, Embonor Empaques S.A. acquired Cristalerías de Chile's stake equivalent to a 50% ownership interest in Envases CMF.

Raw Materials and Supplies

The principal raw materials used in the production of Coca-Cola soft drinks are concentrate, sweetener, water and carbon dioxide gas. Production also requires glass and plastic bottles, bottle tops and labels. Water used in soft drink production is treated for impurities and adjusted for taste reasons. All raw materials, especially water, are subjected to continuous quality control.

Chile

Soft Drinks.

Suppliers of main raw materials are:

Concentrate: Coca-Cola de Chile S.A.
Sweetener: Iansagro S.A., Sucden Chile S.A. and Sucden Americas
Water: Aguas Andinas S.A.
Carbon dioxide gas: Linde Gas Chile S.A., Praxair Chile S.A. and Praxair Argentina
Containers (bottles): Envases CMF S.A., Cristalerías de Chile S.A. and Cristalerías Toro S.A.C.I.
Aluminum cans and caps: Rexam Chile S.A.
Caps: Envases CMF S.A.

During 2016, 82% of the variable cost of sales for soft drinks produced by Andina Chile corresponded to main raw materials. The cost of each raw material within the total of main raw materials is the following: concentrate represents 70%; sugar and artificial sweeteners 18%; non-returnable bottles 8%; bottle caps 3%, carbon dioxide 1% and other raw material 2%. Water does not constitute an important cost as raw material. Additionally, the cost of finished products purchased from third parties (such as our affiliate ECSA) is included within the cost of sales of soft drinks. These costs represent 16% of the total costs of sales of soft drinks and correspond to cans and some PET bottles.

Other Beverages. The principal raw materials used by Vital Jugos S.A. in the production of juices and as a percentage of total raw material costs, are sweeteners 5%, fruit pulp and juices 15%, concentrate 30%, containers 20% and wrapping material 3%, caps 3% and other raw material 3% all of which during 2016 accounted for 79% of total costs for sales of juice, including packaging.

The principal raw materials used by Vital Aguas S.A. in the production of mineral water with and without gas and as a percentage of total raw material costs are: packaging 42%, concentrate 20%, caps 7%, wrapping material 5%, carbonation 1%, and other raw materials 2%, all of which during 2016 accounted for 77% of total costs for sales of water, including packaging.

Brazil

Soft Drinks.

Suppliers of main raw materials are:

Concentrate: Recofarma Industrias do Amazonas Ltda.(1)
Sweetener: Usina Alta Mogiana S.A. Açúcar e Alcool, Central E M Açúcar e Alcool Ltda (Moreno)
Water: Companhia Estadual de Água e Esgoto do Rio de Janeiro and Companhia Espírito Santense de Sanenamento
Carbon dioxide gas: White Martins Gases S.A., Light Esco Ltda., Linde Gases S.A.
Containers (bottles): CPR Industria e Comercio, Engepack Embalagens, RioPet Embalagens
Aluminum cans and aluminum caps: Rexam Beverage Can South, Latapack Ball Embalagens Ltda.
Caps: Bericap do Brasil Ltda., Mirvi Brasil AS, America Tampas.
Electricity: Light Esco Ltda., Light S.A. and Centrais Elétricas S.A.
Reselling of products: Leão Alimentos e Bebidas Ltda.(2) and Cervejarias Kaiser S.A.

During 2016, 77.2% of the variable cost of sales for soft drinks produced by Andina Brazil corresponded to main raw materials. The cost of each raw material within the total of main raw materials is the following: concentrate (including juice used for some flavors) represents 44.6%; sugar and artificial sweeteners 22.2%; non-returnable bottles 13.1%; cans 13.0%; bottle caps 3.0%; carbon dioxide 1.4% and other raw material 2.6%. Additionally, the cost of soft drinks finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 0.1% of the total costs of sales of soft drinks and correspond to some formats of cans, PET and non-returnable glass bottles.

Argentina

Soft Drinks.

Suppliers of main raw materials are:

Concentrate: Servicios y Productos para Bebidas Refrescantes S.R.L.(1)
Sweetener: Atanor S.C.A., Glucovil Argentina S.A. and Temas Industriales S.A.
Water: EDAS owns water wells and pays a fee to the Dirección Provincial de Aguas Sanitarias
Carbon dioxide gas: Praxair Argentina S.R.L. and Air Liquide Argentina S.A.
Containers (bottles): Andina Empaques Argentina S.A.(2), Cattorini Hermanos S.A.C.I.F.E.I. and Dak Americas Argentina S.A.
Boxes: Andina Empaques Argentina S.A.(2), Cabelma S.A. and PbbPolisur S.A.
Plastic caps: Andina Empaques Argentina S.A.(2) y Alusud Argentina S.R.L.
Metal caps: Aro S.A. Exportação Importação Indústria Comercio y Metalgráfica Cearence S.A.
Electric energy: Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA), Termoandes S.A. and EPEC
Thermo-contractible: Rio Chico S.A., Petropack and Pastiandino S.A.

Labels: Luis y Miguel Zanniello S.A. and Envases John S.A.

During 2016, 70% of the variable cost of sales for soft drinks produced by Andina Argentina corresponded to main raw materials. The cost of each raw material as a percentage of the total cost of raw materials is as follows: concentrate 63%, sugar and artificial sweeteners 16%, non-returnable bottles 14%, bottle caps 3%, carbon dioxide 1% and other raw materials 3%. Additionally, the cost of finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 4% of the total costs of sales of soft drinks and correspond to can formats and other formats of soft drinks which are not produced by Andina Argentina.

PET Packaging. The principal raw material required for production of PET bottles is PET resin. During 2016, this raw material was mainly purchased from DAK Américas de Argentina S.A. and EcopekS.A. In the case of plastic caps and cases, the main raw material required for their production is HDPE resin (high density polyethylene), which during the year 2016 was bought mainly from PBB Polisur S.A.

In 2016, AEASA's costs for PET resin accounted for 47% of the total variable cost of its sales of PET bottles and preforms.

Paraguay

Soft Drinks.

Suppliers of main raw materials are:

Concentrate: Servicios y Productos Argentina(1) and Recofarma Industrias do Amazonas Ltda.(2)
Sugar: Industria Paraguaya de Alcoholes S.A.
Water: Coca-Cola Paresa has its own water wells for the supply of water.
Containers (bottles): Cattorini Hnos (Glass)
Plastic caps: Andina Empaques Argentina(2) and Sinea S.A.
Preforms: Industrias PET S.A.
Electric energy: ANDE-Administración Nacional de Electricidad
Carbon dioxide gas: Liquid Carbonic del Paraguay S.A.

During 2016, 76% of the variable cost of sales for soft drinks produced by Paresa corresponded to main raw materials. The cost of each raw material within the total of main raw materials is as follows: concentrate represents 50%, sugar and artificial sweeteners 19%, non-returnable bottles 11%, bottle caps 4%, carbon dioxide 1% and other raw material 12%. Water does not constitute an important cost as raw material. Additionally, the cost of finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 1% of the total costs of sales of soft drinks and correspond to cans and some PET bottles.

Marketing

We and The Coca-Cola Company jointly promote and market Coca-Cola soft drinks in our franchise territories, in accordance with the terms of our respective Bottler Agreements. We advertise in all major communications media. We focus our advertising efforts on increasing brand recognition by consumers and improving our customer relations. National advertising campaigns are designed and proposed by The Coca-Cola Company's local affiliates, with our input at the local or regional level.

During 2016, we paid approximately 50% of the advertising and promotional expenses incurred by The Coca-Cola Company in our franchise territories. Nearly all media advertising and promotional materials for Coca-Cola soft drinks are produced and distributed by The Coca-Cola Company. See "Item 4. Information on the Company —Bottler Agreements." Marketing and promotional programs, including television, radio and print advertising, point-of-sale advertising, sales promotions and entertainment are developed by The Coca-Cola Company for all Vital Jugos' and Vital Aguas' products.

Pursuant to the existing distribution agreements with Heineken and Monster, these companies undertake all responsibility for planning and managing advertising, marketing and promotional activities related to beer and energy drinks, respectively. Andina Brazil, however, is free to undertake marketing or promotional activities with Heineken´s and Monster's prior approval. The parties have agreed to assume joint responsibility for the costs of certain promotional activities (radio or television) and for certain outdoor events which take place in the Rio de Janeiro, Espírito Santo and Ribeirão Preto regions.

On September 1, 2016, Coca-Cola Andina Chile began to commercialize the energy drink, Monster Energy. This new brand is part of the collaboration agreement signed during 2015 by The Coca-Cola Company and Monster Energy, which included the distribution of its products in the territories of the Coca-Cola System, such as Chile.

We believe that this agreement with Monster Energy, a leading brand in the energy drink category, will reinforce our current presence in the category and will allow us to become one of the leaders in the category for energy drinks.

In Argentina, in accordance with the existing distribution agreement with CICSA, the latter undertakes full responsibility for planning and managing advertising, marketing and promotional activities related to beer. Andina Argentina, however, is free to undertake marketing or promotional activities with CICSA's prior approval. The parties have agreed that CICSA will be responsible for the costs of promotional activities (radio, television, outdoor advertising and media) in the region.

Channel Marketing

In order to provide more dynamic and specialized marketing of our products, our strategy is to divide our market into distribution channels. Our principal channels are small retailers, "on premise" consumption such as restaurants and bars, supermarkets and third party distributors. Presence in these channels entails a comprehensive and detailed analysis of the purchasing patterns and preferences of various groups of soft drink consumers in each type of location or distribution channel. In response to this analysis, we seek to tailor our product, price, packaging and distribution strategies to meet the particular needs of and exploit the potential of each channel.

We believe that the implementation of our channel marketing strategy also enables us to respond to competitive initiatives with channel-specific responses as opposed to market-wide responses. This focused response capability isolates the effects of competitive pressure in a specific channel, thereby avoiding costlier market-wide responses. Our channel marketing activities are facilitated by our management information systems. We have invested significantly in creating such systems, including providing hand-held computer and data gathering equipment to support the gathering of product, consumer and delivery information required to implement our channel marketing strategies effectively for most of our sales routes in Chile, Brazil, Argentina and Paraguay. We will continue investing to increase pre-sale coverage in our territories.

Our consolidated total advertising expenditures were Ch$48,110 million, Ch$43,667 million and Ch$39,736 million, in 2014, 2015 and 2016 respectively.

Bottler Agreements

Our status as a The Coca-Cola Company franchisee is based on the Bottler Agreements that the Company has entered into with The Coca-Cola Company by which it has the license to produce and distribute Coca-Cola brand products within its operating franchise territories in Chile, Brazil, Argentina and Paraguay. The

Company's operations are highly dependent on maintaining and renewing the Bottler Agreements which provide for the production and distribution of Coca-Cola brand products under certain terms and provisions

The Bottler Agreements are international standard contracts The Coca-Cola Company enters into with bottlers outside the United States for the sale of concentrates and beverage basis for certain Coca-Cola soft drinks and non-soft drink beverages. These are renewable upon request by the bottler and at the sole discretion of The Coca-Cola Company. We cannot assure you that the Bottler Agreements will be renewed upon their expiration or that they will be renewed upon the same terms.

The Bottler Agreements provide that we will purchase our entire requirement of concentrates and beverage basis for Coca-Cola soft drinks and other Coca-Cola beverages from The Coca-Cola Company and other authorized suppliers. Although under the Bottler Agreements The Coca-Cola Company, in its sole discretion, may set the price of concentrates and beverage basis, among other terms, we set the price of products sold to retailers at our discretion, subject only to certain price restraints.

We are the sole producer of Coca-Cola soft drinks and other Coca-Cola beverages in our franchise territories. Although this right is not exclusive, The Coca-Cola Company even though empowered to do so, has never authorized any other entity to produce or distribute Coca-Cola soft drinks or other Coca-Cola beverages in such territories, although we cannot assure you that in the future it will not do so. In the case of post-mix soft drinks, the Bottler Agreements explicitly establish such non-exclusive rights.

The Bottler Agreements include an acknowledgment by us that The Coca-Cola Company is the sole owner of the trademarks that identify the Coca-Cola soft drinks and other Coca-Cola beverages and of any secret formula used in concentrates.

All distribution must be in authorized containers. The Coca-Cola Company has the right to approve, at its sole discretion, any and all kinds of packages and containers for beverages, including their size, shape and any of their attributes. The Coca-Cola Company has the authority at its sole discretion to redesign or discontinue any package of any of the Coca-Cola products, subject to certain limitations, so long as Coca-Cola soft drinks and other Coca-Cola beverages are not all discontinued at the same time. We are prohibited from producing or handling any other beverage products, other than those of The Coca-Cola Company or other products or packages that would imitate, infringe or cause confusion with the products, trade dress, containers or trademarks of The Coca-Cola Company, or from acquiring or holding an interest in a party that engages in such activities. The Bottler Agreements also impose restrictions concerning the use of certain trademarks, authorized containers, packaging and labeling of The Coca-Cola Company and prohibit bottlers from distributing Coca-Cola soft drinks or other Coca-Cola beverages outside their designated territories.

The Bottler Agreements require us to maintain adequate production and distribution facilities; inventories of bottles, caps, boxes, cartons and other exterior packaging or materials; to undertake adequate quality control measures prescribed by The Coca-Cola Company; to develop, stimulate, and fully satisfy the demand for Coca-Cola soft drinks and other Coca-Cola beverages and to use all approved means, and spend such funds on advertising and other forms of marketing, as may be reasonably required to meet that objective; and to maintain such sound financial capacity as may be reasonably necessary to assure performance by us and our affiliates of our obligations to The Coca-Cola Company. All Bottler Agreements require us annually to submit our business plans for such franchise territories to The Coca-Cola Company, including without limitation, marketing, management and promotional and advertising plans for the following year.

The Coca-Cola Company has no obligation to contribute to our expenditures derived from advertising and marketing, but it may, at its discretion, contribute to such expenditures and undertake independent advertising and marketing activities, as well as cooperative advertising and sales promotion that would require our cooperation and support. In each of the franchise territories, The Coca-Cola Company has been contributing approximately 50% of advertising and marketing expenses, but no assurances can be given that equivalent contributions will be made in the future.

Each bottler is prohibited from, directly or indirectly, assigning, transferring or pledging its Bottler Agreement, or any interest therein, whether voluntarily, involuntarily or by operation of law, without the consent of The Coca-Cola Company, and each Bottler Agreement is subject to termination by The Coca-Cola Company in the event of default by us. Moreover, no bottler may undergo a material change of ownership or control without the consent of The Coca-Cola Company.

The Coca-Cola Company may terminate a Bottler Agreement immediately by written notice to the bottler in the event that, among other events, (i) the bottler suspends payments to creditors, declares bankruptcy, is declared bankrupt, is expropriated or nationalized, is liquidated, dissolved, changes its legal structure, or pledges or mortgages its assets; (ii) the bottler does not comply with instructions and standards established by The Coca-Cola Company relating to the production of its authorized soft drink products; (iii) the bottler ceases to be controlled by its controlling shareholders; or (iv) the terms of the Bottler Agreement come to violate applicable law.

Either party to any Bottler Agreement may, with 60 days' notice thereof to the other party, terminate the Bottler Agreement in the event of non-compliance by the other party with the terms thereof so long as the party in non-compliance has not remedied such non-compliance during this period. In addition, if a bottler does not wish to pay the required price for concentrate for any Coca-Cola products, it must notify The Coca-Cola Company within 30 days of receipt of The Coca-Cola Company's new prices. In the case of any Coca-Cola soft drink or other Coca-Cola beverages other than Coca-Cola concentrate, the franchise regarding such product shall be deemed automatically canceled three months after The Coca-Cola Company's receipt of the bottler's notice of refusal. In the case of Coca-Cola concentrate, the Bottler Agreements shall be deemed terminated three months after The Coca-Cola Company's receipt of the bottler's notice of refusal. The Coca-Cola Company may also terminate the Bottler Agreements if the bottler or any individual or legal entity that controls, owns a majority share in or directly or indirectly influences the management of the bottler, engages in the production of any non-Coca-Cola beverage, whether through direct ownership of such operations or through control or administration thereof, provided that, upon request, the bottler shall be given six months to remedy such situation.

Chile

Our licenses for the territories in Chile expire in January 2018 and October 2019.

In 2005 Vital S.A. and The Coca-Cola Company entered into a Juice Bottler Agreement by which The Coca-Cola Company authorized Vital S.A. to produce, prepare and bottle in packaging previously approved by The Coca-Cola Company the previously mentioned trademarks

Andina, and, Embonor, have the right to purchase products from Vital Jugos S.A. Said agreement expires in December 2017. Additionally, Andina, Vital Jugos and Embonor have agreed with The Coca-Cola Company, the respective agreements and authorizations to produce, bottle and commercialize these products at their respective plants.

Water Production and Packaging Agreement: In 2005, Vital Aguas S.A. and The Coca-Cola Company entered into a Water Manufacturing and Packaging Agreement for the preparation and packaging of beverages, regarding the brands Vital, Chanqueahue, Vital de Chanqueahue, and Dasani incorporating at the beginning of 2008 the brand Benedictino to the product portfolio manufactured by Vital Aguas S.A. under the agreement. This agreement expires on December 31, 2017.

Brazil

Our licenses for the territories in Brazil will expire in October 2017 (in the renewal process).

Argentina

Our licenses for the territories in Argentina expire in September 2017 (in the renewal process).

Paraguay

Our licenses for the territories in Paraguay expire in September 2020.

Regulation

General

We are subject to the full range of government regulations generally applicable to companies engaged in business in our franchise territories, including but not limited to labor, social security, public health, consumer protection, environmental, sanitation, employee safety, securities and anti-trust laws. Currently, no material legal or administrative proceedings are pending against us with respect to any regulatory matter in any of our franchise territories except those listed as such in “Item 3. Key Information—Risk Factors” and “Item 8. Financial Information—Contingencies.”

We believe, to the best of our knowledge that we are in compliance in all material respects with applicable statutory and administrative regulations relating to our business in each of our franchise territories.

Chile. There are no special licenses or permits specifically required to manufacture and distribute soft drinks and juices in the Chilean territory. Food and beverage producers in Chile, however, must obtain authorization from, and are supervised by the Health Ministry’s respective regional offices (*Secretaría Regional Ministerial de Salud*), which inspects production facilities and takes liquid samples for analysis on a regular basis. Our permit from the Chilean Environmental Protection Authority was obtained on January 8, 1992 and is in effect indefinitely. In addition, production and distribution of mineral water is subject to special regulations such that mineral water may be drawn only from sources designated for such purpose by supreme decree. Certification of compliance with such decree is provided by the National Health Service, the Undersecretary’s Office of the Ministry of Health (*Servicio de Salud Metropolitano del Ambiente*). Our mineral water production facilities have received the required certification.

Brazil. Labor laws, in addition to mandating employee benefits, include regulations to ensure sanitary and safe working conditions in our production facilities located in Brazil. Food and beverage producers in Brazil must register their products with and receive a ten-year permit from the Ministry of Agriculture and Provisioning and the Ministry of Health. Our permits from said Ministries are valid and in force for a term of ten years for each product we produce. Although we cannot assure you that they will be renewed, we have not experienced any material difficulties in renewing our permits in the past nor do we expect to experience any difficulties in the future. The Ministries do not regularly inspect facilities but they do send inspectors to investigate any complaints it receives.

Argentina. While most laws applicable to EDASA are enforced at the federal level, some, such as sanitary and environmental regulations, are primarily enforced by provincial and municipal governments. Licenses or permits are required for the manufacture or distribution of soft drinks in the Argentine territory, which are evidenced through national records of food establishment and food products. Additionally, our production facilities are subject to registration with federal and provincial authorities and to supervision by municipal health agencies, which certify compliance with applicable laws.

Paraguay. Paresa is registered with the Ministry of Industry and Trade in Paraguay, which issues and renews the industrial registry. Its latest renewal expires in 2017. Food and beverage producers in Paraguay must register with the Ministry of Health, which performs inspections of plants and monitors products in the market. Industries must also have an environmental license issued by the Ministry of Environment, which is the main body responsible for monitoring compliance with environmental laws. In addition to establishing the mandatory employee benefits, include safe working and sanitary conditions at industrial installations within Paraguay. Paresa maintains all of its licenses, permits and registrations issued by these institutions and ensures compliance with the regulations and ordinances of the municipalities where its plant is located.

Environmental Matters

It is our policy to conduct environmentally sound operations on a basis consistent with applicable laws and within criteria established by The Coca-Cola Company. Although regulation of matters relating to the protection of the environment is not as well-developed in the franchise territories as in the United States and other industrialized countries, we expect that additional laws and regulations may be enacted in the future with respect to environmental matters that may impose additional restrictions on us which could materially or adversely affect our results of operations in the future. There are no material legal or administrative proceedings pending against us in any of the franchise territories with respect to environmental matters, and we believe that, to the best of our knowledge, we are in compliance in all material respects with all environmental regulations applicable to us.

Chile

The Chilean government has several regulations governing environmental matters relating to our operations.

Law 19,300, passed in March 1994, addresses general environmental concerns that may be applicable to our activities and which, if applicable, would require us to hire independent experts to conduct environmental impact studies or declarations of any future projects or activities that could be impacted by the regulations of Law 19,300. This Law creates the National Commission on the Environment, which is supported by regional commissions to supervise environmental impact studies and declarations for all new projects, to enforce the regulations of Law 19,300 and to grant discretionary power to regulators. In January 2010, the law was amended with the enactment of Law 20,417, which created a new environmental institution and created the Ministry of Environment, Environmental Assessment Services, the Superintendence of Environmental Protection and the Environmental Courts, which became effective on December 2012. The Environmental Courts in the Metropolitan Region and in Antofagasta began functioning during 2013.

Law Nº 20,920, passed in June 2016, sets the framework for waste management, including by expanding the responsibility of the waste producer and promoting recycling. This law aims to reduce the generation of waste and promote reuse, recycling and other recovery, in order to protect the health of people and the environment.

Brazil

Our Brazilian operations are subject to several environmental laws, none of which currently impose substantial restrictions on us. The Brazilian Constitution establishes the broad guidelines for the new treatment of environmental concerns, dedicating an entire chapter (Chapter VI, Article 225) to the protection of the environment, along with several other articles related to the environmental law and urban law. Environmental issues are regulated at the federal, state and municipal levels. The Brazilian Constitution empowers the public authorities to develop regulations designed to preserve and restore the environment and to control industrial processes that affect human life. Violations of these regulations are subject to criminal, civil and administrative penalties.

In addition, Law No. 6,938 of 1981, known as the Brazilian Environmental Policy, introduced an environmental regime under which no environmental damage is exempt from coverage. This legislation is based on the idea that even a polluting waste tolerated under the established standards could cause environmental damage, and therefore subjects the party causing such damage to the payment of an indemnity. Moreover, as mentioned above, activities damaging to the environment lead to criminal and administrative penalties, provided for in Law 9,605 of 1998 or the Environmental Crimes Act.

Numerous governmental bodies have jurisdiction over environmental matters. At the federal level, the *Ministério do Meio Ambiente* (Brazilian Ministry of Environment) and the *Conselho Nacional do Meio-Ambiente* or CONAMA dictate environmental policy, including, without limitation, initiating environmental improvement projects, establishing a system of fines and administrative penalties and reaching agreements on environmental matters with offending industries. The *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* or IBAMA, enforces environmental regulations set by CONAMA, including by developing several activities for the preservation and conservation of natural heritage and controlling and supervising the use of natural resources. In addition, various federal authorities have jurisdiction over specific industrial sectors, but none of these currently affect us.

Finally, various state and local authorities regulate environmental matters in the Brazilian territory including the *Fundação Estadual de Engenharia do Meio-Ambiente* or FEEMA, the principal environmental authority in Rio de Janeiro, and the *Instituto Estadual de Medio Ambiente e Recursos Hídricos* ("IEMA"), and the principal environmental authority in São Paulo is CETESB - *Companhia de Tecnologia de Saneamento Ambiental*. FEEMA, IEMA and CETESB periodically inspect industrial sites. We believe to the best of our knowledge that we are in compliance in all material respects with the standards established by all the governmental authorities applicable to our operations in Brazil. We cannot assure you, however, that additional regulations will not be enacted in the future, and that such restrictions would not have a material adverse effect on our results or operations. The operation in Brazil as that of Chile counts with all certifications mentioned in terms of Quality, Environment and Occupational Health and Safety and those associated with Food Safety and Best Practices in Food Processing.

Argentina

The Argentine Constitution, as amended in 1994, allows any individual who believes a third party may be damaging the environment to initiate an action against it. No such action has ever been instituted against EDASA, but we cannot assure you that an action will not be brought in the future. Though provincial governments have primary regulatory authority over environmental matters, municipal and federal authorities also have authority competent to enact decrees and laws on environmental issues. Thus, municipalities can set policy on local environmental matters, such as waste management, while the federal government regulates inter-province environmental issues, such as transport of hazardous waste or environmental matters covered by international treaties.

In 2002, the National Congress approved federal Law No. 25,612, *Gestión Integral de Residuos Industriales y de Actividades de Servicios* (Comprehensive Management of Industrial Residues and Service Activities) and Law No. 25,675, *Ley General del Ambiente* (General Environmental Law) establishing minimum guidelines for the protection of the sustainable environmental management and the protection of biodiversity, applicable throughout Argentina. The law establishes the purposes, principles and instruments of the national environmental policy, the concept of "minimum guidelines," the judicial purview and the rules governing environmental education and information, citizens' participation and self-management, among other provisions.

Provincial governments within the Argentine territory have enacted laws establishing a framework for the preservation of the environment. Provincial laws that are applicable to industrial facilities at EDASA, among others are Law No. 7,343 of the Province of Córdoba and its supplemental N°. 10208 since 2014, Law No. 11,459 of the Province of Buenos Aires and Environmental Code N° 5439 of the Chubut province. These laws contain principles on environmental policy and management, as well as rules on environmental impact assessment. They also give certain agencies jurisdiction over environmental issues.

Almost all provinces as well as many municipalities have established rules regarding the use of water, the sewage system and the disposal of liquids into underground flows of water or rivers. There are currently no claims pending against EDASA related to these rules, whose violation normally results in a fine.

Paraguay

The environmental framework comprises several national and local environmental regulations. The Paraguayan Constitution of 1992 states that everyone has the right to live in a healthy and ecologically balanced environment and has the obligation to preserve it. All damage caused to the environment will carry the obligation to repair and compensate.

Considered the "mother of environmental law" in the country, Law 1561/00 chartered the three primary environmental agencies in Paraguay. These are: the *Secretaría del Ambiente* (SEAM or the Environmental Department), *Consejo Nacional del Ambiente* (CONAM or the National Environmental Counsel), and *el Sistema Nacional del Ambiente* (SISNAM or National Environmental System). The Law establishes the authority and responsibility of these agencies to develop and oversee the national environmental policy.

Of the three, the SEAM is the main environmental institution responsible for the development and implementation of national environmental laws and for monitoring their compliance. The SEAM can apply sanctions, including: warnings, temporary or permanent suspension of authorizations or concessions, confiscations and/or fines. These penalties are applicable regardless of other civil or criminal sanctions or of the revocation of the environmental authorizations granted by SEAM. The CONAM is responsible for investigating and establishing the main goals in the environmental policies, which the SEAM must then implement. The SISNAM is integrated by several bodies, including governmental and municipal agencies and private sector stakeholders, all interested in solving environmental issues. The SISNAM provides a discussion forum for the public and private sectors to work together collectively, developing ideas and plans to promote a sustainable development.

Environmental Impact: Law 294/93 states the rights and obligations that will be triggered by any damage caused to the environment and provides the obligation to restore the environment to its previous state or, if that is technically impossible, to make a payment or provide compensation.

Water Resources Act of Paraguay: Law 3239/07 on water resources establishes the sustainable management of all waters (superficial, ground, atmospheric) and the territories that generate such waters, regardless of their location, physical condition or natural occurrence within the Paraguayan territory, in order to make it socially, economically and environmentally sustainable for the people living in the territory of Paraguay. The supervising agency is the SEAM. Superficial and ground waters are property of the State’s public domain. The law establishes the following order of priority for the use of water: i) fulfillment of the needs of aquatic ecosystems; ii) social use within the home environment; iii) use and enjoyment for agricultural activities, including aquaculture; iv) use and utilization for power generation; v) use and enjoyment for other industrial activities and vi) use and enjoyment for other activities. The use of water for productive purposes is subject to the authorization granted by the State through a permit (for the use of small amounts of water) or through concessions (prior public bidding process), in both cases after the payment of applicable fees. Authorizations may be revoked based on the occurrence of situations contemplated under the law. Concessions may be expropriated for public benefit, or be terminated in certain situations established by the law. In addition, a National Registry of Water Resources has been created to keep record of all individuals or legal entities that utilize water resources or engage in activities related to them.

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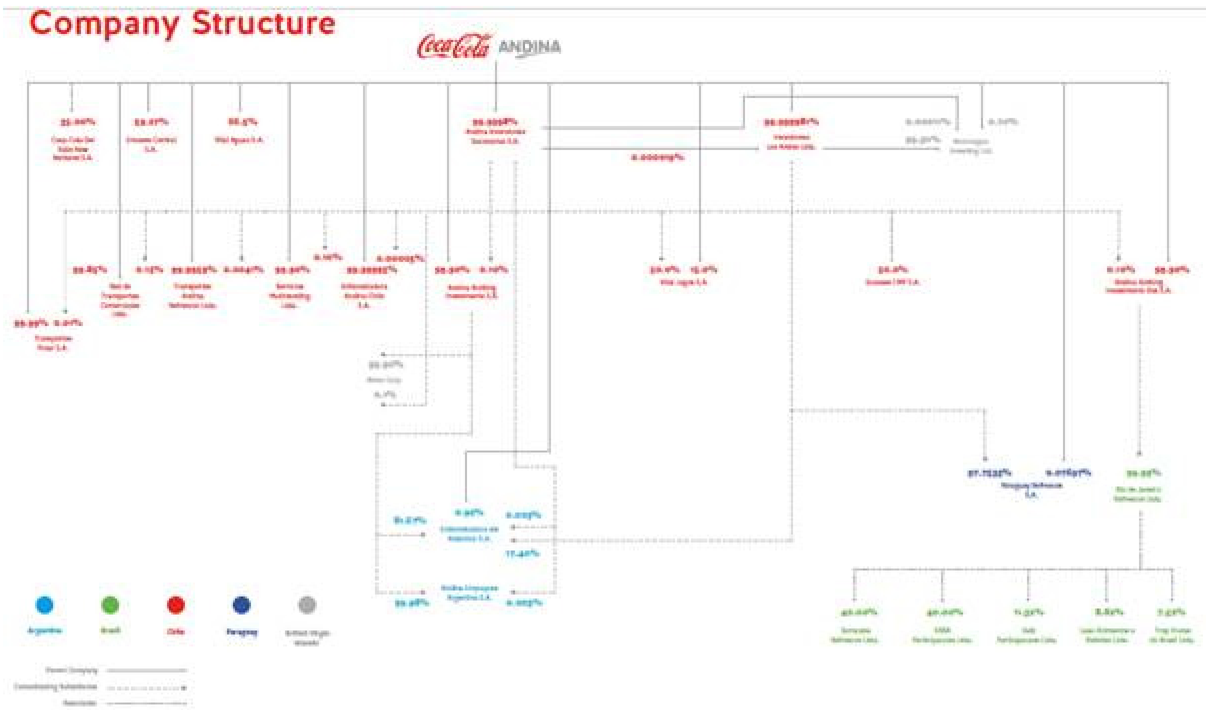
C. ORGANIZATIONAL STRUCTURE

The following chart presents in summary form our direct and indirect ownership interests in our subsidiaries and associates:



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The following table presents information relating to the main activities of our subsidiaries and associates, as well as our direct and indirect ownership interests in them as of the date of the preparation of this document:

Subsidiary	Activity	Country of Incorporation	Percentage of direct and indirect ownership
Embotelladora Andina Chile S.A.(1)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages.	Chile	99.99
Vital Jugos S.A. (4)(5)	Manufacture, distribute, and commercialize all kinds of food products, juices, and beverages.	Chile	65.00
Vital Aguas S.A. (4)(5)	Manufacture, distribute, and commercialize all kinds of waters and beverages in general.	Chile	66.50
Servicios Multivending Ltda.	Commercialize products through equipment and vending machines.	Chile	99.99
Transportes Andina Refrescos Ltda.	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Transporte Polar S.A.(6)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Envases Central S.A.(4)	Manufacture and packaging of all kinds of beverages, and commercialize all kinds of packaging.	Chile	59.27
Andina Bottling Investments S.A.	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Chile	99.99
Andina Bottling Investments Dos S.A.	Carry out exclusively foreign permanent investments and lease all kinds of real estate.	Chile	99.99
Inversiones Los Andes Ltda.(6)	Invest in all types of real property and chattels	Chile	99.99
Andina Inversiones Societarias S.A.	Invest in all types of companies and commercialize food products in general.	Chile	99.99
Rio de Janeiro Refrescos Ltda.(9)	Manufacture and commercialize beverages in general, powdered juices and other related semi-processed products.	Brazil	99.99
Embotelladora del Atlántico S.A.(2)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages. Design, produce, and commercialize plastic products mainly packaging.	Argentina	99.9
Andina Empaques S.A. (2)	Design, produce, and commercialize plastic products mainly packaging.	Argentina	99.98
Paraguay Refrescos S.A. (6)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages. Design, produce, and commercialize plastic products (mainly packaging).	Paraguay	97.83
Abisa Corp.	Invest in financial instruments.	British Virgin Islands	99.99
Aconcagua Investing Ltda. (6)	Invest in financial instruments.	British Virgin Islands	99.99
Red de Transportes Comerciales Ltda. (8)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99

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Associates	Activity	Country of Incorporation	Percentage of direct and indirect ownership
Envases CMF S.A.	Manufacture, acquire and commercialize all types of containers and packaging; and provide bottling services.	Chile	50.00
Coca Cola del Valle New Ventures S.A. (10)	Develop and produce juices, waters and non-carbonated beverages under brands owned by The Coca-Cola Company in Chile.	Chile	35.00
Leao Alimentos e Bebidas Ltda. (7)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	8.82
Trop Frutas do Brasil Ltda. (11)	Manufactures and commercialize fruit beverages.	Brazil	7.52
Sorocaba Refrescos S.A.(3)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	40.00
SRSA Participacoes Ltda.(3)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	40.00
Kaik Participações Ltda.	Invest in other companies with own resources.	Brazil	11.32

(1) At the Extraordinary Shareholders' Meeting held November 22, 2011, the shareholders of Embotelladora Andina Chile S.A. agreed to increase its capital of the latter from Ch$10,000,000 (divided into 10,000 shares) to Ch$4,778,206,076 (divided into 4,778,206 shares). It was agreed that the capital increase was to be subscribed and paid by the shareholder Embotelladora Andina S.A. through the contribution of movable goods and real estate property, which are identified in the minutes of the Shareholders' Meeting. The Shareholders' Meeting was reduced to public document on November 28, 2011, granted by the notary public of Santiago, Cosme Gomila.

(2) At the Extraordinary General Shareholders' Meeting held November 1st 2011, Embotelladora del Atlántico S.A. decided to divide part of its equity to form a new company, Andina Empaques Argentina S.A., for the purpose of developing the design, manufacture and sale of all kinds of plastic products or products derived from the industry for plastics, primarily in the packaging division. Accounting and tax effects will begin on January 1st 2012.

(3) In October 2012, 40% of the Brazilian company Sociedad Brasilera Sorocaba Refrescos S.A. was acquired for a total price of R$146.9 million.

(4) Vital Aguas S.A., Vital Jugos S.A. and Envases Central S.A., modified their percentage interests, due to the merger with Embotelladoras Coca Cola Polar in 2012.

(5) During 2012 a capital increase was made for M$6,960,000, of which, Embotelladora Andina S.A. paid the M$2,380,320 according to its percentage of interests.

(6) Companies incorporated during 2012, due to the merger with Embotelladoras Coca Cola Polar S.A

(7) During the first quarter of 2013, there was a reorganization of the companies that manufacture juice products and mate in Brazil, with the merger of Holdfab2 Participações Ltda. and Sistema de Alimentos de Bebidas Do Brasil Ltda. into a single company that is the legal continuing entity, namely Leao Alimentos e Bebidas Ltda. According to the current business scheme in Brazil for this company, during 2014 a 2.05% ownership interest held by Rio de Janeiro Refrescos Ltda. in Leao Alimentos e Bebidas Ltda. was sold to the rest of the bottlers' system in Brazil.

(8) Companies created to facilitate the restructuring of the distribution process in Chile.

(9) During the fourth quarter of 2013 Rio de Janeiro Refrescos Ltda. acquired Companhia de Bebidas Ipiranga, which was legally merged into this entity.

(10) Coca-Cola del Valle New Ventures S.A. was incorporated during 2016, with capital contributions amounting to Ch$5,324 million.

(11) As a result of company restructuring in 2016, Trop Frutas do Brasil Ltda, began to depend on the group of bottlers from The Coca-Cola System in Brazil, Rio de Janeiro Refrescos Ltda, holds a 7.52% direct ownership interest in that company.

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D. PROPERTY, PLANTS AND EQUIPMENT

We maintain production plants in each of the principal population centers that comprise the franchise territories. In addition, we maintain distribution centers and administrative offices in each of the franchise territories. The following table sets forth in square meters, our principal properties, and facilities in each of the franchise territories:

	Main Use	(Square Meters)	Property
ARGENTINA			
Embotelladora del Atlántico S.A.			
Bahía Blanca *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	102,708	Own
Bahía Blanca	Commercial Offices	576	Leased
Bariloche	Offices / Distribution Centers / Warehouses	1,870	Leased
Bragado	Commercial Offices	42	Leased
Carlos Paz	Commercial Offices	30	Leased
Carmen de Patagones	Commercial Offices / Warehouses	1,600	Leased
Chacabuco *	Offices / Distribution Centers / Warehouses	25,798	Own
Comodoro Rivadavia	Offices / Distribution Centers / Warehouses	7,500	Leased
Concepcion del Uruguay	Commercial Offices	118	Leased
Concordia	Offices / Distribution Centers / Warehouses	1,289	Leased
Córdoba *	Offices / Production of Soft Drinks and stills / Distribution Center / Warehouses / Land	959,585	Own
Córdoba (San Isidro)	Deposit / Offices	8,880	Own
Cordoba (H.Primo)	Commercial offices / parking lot / Deposit	1,173	Leased
Coronel Suarez	Offices / Third Party Distribution Centers / Warehouses / Deposit	1,000	Leased
General Pico *	Offices / Distribution Centers /	15,525	Own
Gualeguaychu	Offices / Distribution Centers / Warehouses	1,471	Leased
Junin	Commercial Offices	100	Leased
Mendoza *	Offices / Distribution Centers / Warehouses	36,452	Own
Monte Hermoso *	Land	300	Own
Neuquén *	Offices / Distribution Centers / Warehouses	10,157	Own
Olavarria	Offices / Distribution Centers / Warehouses	1,974	Leased
Paraná	Commercial Offices	318	Leased
Pehuajo	Offices / Distribution Centers / Warehouses	1,060	Leased
Pergamino *	Offices / Cross Docking	15,700	Own
Puerto Madryn	Offices	115	Leased
Rio Gallegos	Distribution Centers / Warehouses	2,491	Leased
Rio Grande	Offices / Distribution Centers / Warehouses	4,518	Leased
Río IV *	Cross Docking	7,482	Own
Río IV	Commercial Offices	93	Leased
Rosario	Offices / Distribution Center / Warehouses / Land	27,814	Own
San Francisco	Commercial Offices	63	Leased
San Juan *	Offices / Distribution Centers / Warehouses	48,036	Own
San Luis *	Offices / Distribution Centers / Warehouses	5,205	Own
San Martin de los Andes	Offices / Distribution Centers / Warehouses	70	Leased
San Nicolas	Commercial Offices	30	Leased
San Rafael	Commercial Offices	58	Leased
Santa Fe	Commercial Offices	238	Leased
Santo Tomé *	Offices / Distribution Centers / Warehouses	88,309	Own
Trelew *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	51,000	Own
Tres Arroyos	Commercial Offices / Cross Docking / Warehouses	1,548	Leased
Ushuaia	Offices / Distribution Centers / Warehouses	1,360	Leased
Ushuaia	Commercial Offices	94	Leased
Venado Tuerto	Offices / Distribution Centers / Warehouses	2,449	Leased
Villa Maria	Commercial Offices	125	Leased
Villa Mercedes	Commercial Offices	70	Leased
Bialet Masse	Land	880	Own
Rivadavia (Mendoza)	Deposit	782	Own
Rio IV	Real Estate	1,914	Own
Rio IV	Real Estate	5,170	Own
Andina Empaques Argentina S.A.			
Buenos Aires *	Production of PET bottles and preforms	27,043	Own
Buenos Aires	Warehouses	1,041	Leased

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	Main Use	(Square Meters)	Property
BRAZIL			
Rio de Janeiro Refrescos Ltda.			
Jacarepaguá	Offices / Production of Soft Drinks / Distribution Center / Warehouses	249,470	Own
Duque de Caxias *	Land to build a Plant	2,243,953	Own
Nova Iguaçu *	Distribution Centers / Warehouses	82,618	Own
Bangu *	Distribution Centers	44,389	Own
Campos *	Distribution Centers	42,370	Own
Itambi	Distribution Centers	149,000	Leased
Cabo Frio *	Distribution Centers - Deactivated	1,985	Own
Sao Pedro da Aldeia *	Distribution Centers	10,139	Own
Itaperuna	Cross Docking	2,500	Leased
Caju 1 *	Distribution Centers	4,866	Own
Caju 2 *	Distribution Centers	8,058	Own
Vitória (Cariacica) *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	93,320	Own
Cachoeiro do Itapemirim	Cross Docking	8,000	Leased
Linhares	Cross Docking	1,500	Leased
Serra	Distribution Centers	28,000	Leased
Ribeirão Preto	Offices / Production of Soft Drinks / Distribution Center / Warehouses	238,096	Own
Ribeirão Preto	Real Estate	279,557	Own
Franca	Distribution Centers	32,500	Own
Mococa	Distribution Centers	40,056	Leased
Araraquara	Distribution Centers	12,698	Leased
Castelo Branco	Distribution Centers	11,110	Leased
Sao Joao da Boa Vista, Araraquara e Sao Paulo	Real Estate	32,506	Own
CHILE			
Embotelladora Andina S.A.			
Renca *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	380,833	Own
Carlos Valdovinos *	Distribution Centers / Warehouses	106,820	Own
Puente Alto *	Distribution Centers / Warehouses	68,682	Own
Maipu *	Distribution Centers / Warehouses	45,833	Own
Rancagua *	Distribution Centers / Warehouses	25,920	Own
San Antonio *	Distribution Centers / Warehouses	19,809	Own
Antofagasta *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	34,729	Own
Calama *	Distribution Centers / Warehouses	10,700	Own
Taltal *	Distribution Centers / Warehouses	975	Own
Tocopilla *	Distribution Centers / Warehouses	562	Own
Coquimbo *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	31,383	Own
Copiapo *	Distribution Centers / Warehouses	26,800	Own
Ovalle *	Distribution Centers / Warehouses	6,223	Own
Vallenar *	Distribution Centers / Warehouses	5,000	Own
Illapel	Distribution Centers / Warehouses	s/d	Leased
Pta. Arenas *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	109,517	Own
Coyhaique *	Distribution Centers / Warehouses	5,093	Own
Puerto Natales	Distribution Centers / Warehouses	850	Leased
Vital Jugos S.A.			
Región Metropolitana *	Offices / Production of Juices	40,000	Own
Vital Aguas S.A.			
Rengo *	Offices / Production of Waters	544,600	Own
Envases Central S.A.			
Región Metropolitana *	Offices / Production of Soft Drinks	50,100	Own
PARAGUAY			
Paraguay Refrescos S.A.			
San Lorenzo *	Offices / Production of Soft Drinks / Warehouses	275,292	Own
Coronel Oviedo *	Offices / Warehouses	32,911	Own
Encarnación *	Offices / Warehouses	12,744	Own
Ciudad del Este *	Offices / Warehouses	14,620	Own

* Encumbrance free properties

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Capacity by Line of Business

Set forth below is certain information concerning the installed capacity and approximate average utilization of our production facilities, by line of business.

	Year Ended December 31,					
	2015			2016		
	Annual Total Installed Capacity(1)	Average Capacity Utilization (%)	Capacity Utilization During Peak Month (%)	Annual Total Installed Capacity(1)	Average Capacity Utilization (%)	Capacity Utilization During Peak Month (%)
Soft drinks (millions of UCs):						
Chile	319	52	65	318	52	68
Brazil	386	67	70	369	62	70
Argentina	347	62	72	337	58	70
Paraguay	80	82	86	80	82	86
Other beverages (millions of UCs)						
Chile	62	61	83	61	66	85
Brazil	18	65	85	18	55	69
Argentina	52	40	58	50	48	61
Paraguay	23	75	88	23	75	88
PET packaging (millions of bottles)	67	74	100	67	71	100
Preforms (millions of preforms)	1,000	91	100	1,000	84	100
Plastic caps (millions of caps)	511	90	100	700	88	100

(1) Total installed annual production capacity assumes production of the mix of products and containers produced in 2016.

In 2016, we continued to modernize and renovate our manufacturing facilities in order to maximize efficiency and productivity. We also made significant improvements to our auxiliary services and complementary processes such as water treatment plants and effluent treatment stations. At present, we estimate we have the capacity in each of the franchise territories to meet consumer demand for each product format. Because bottling is a seasonal business with significantly higher demand during the South American summer and because soft drinks are perishable, it is necessary for bottlers to carry significant over-capacity in order to meet the substantially greater seasonal demand. We assure the quality of our products through worldwide class practices and procedures maintaining quality control laboratories and structures in each production facility where raw materials are tested and where we analyze samples of our products.

As of December 31, 2016, we had total installed annual production capacity, including soft drinks, fruit juices, and water, of 1,256 million unit cases. Our primary facilities include:

- through Coca-Cola Andina, in the Chilean territory, four soft drink production facilities with ten production lines in Renca, four production lines in Antofagasta, three production lines in Coquimbo and two production lines in Punta Arenas with total installed annual capacity of 318 million unit cases (25.3% of our total installed annual capacity);

- through Vital Jugos in the Chilean territory, one fruit juice production facility, with sixteen production lines, with total installed annual capacity of 41 million unit cases (3.3% of our total installed annual capacity);

- through Vital Aguas in the Chilean territory, one mineral water production facility, with four production lines, with total installed annual capacity of 20 million unit cases (1.6% of our total installed annual capacity);

- through Rio de Janeiro Refrescos in the Brazilian territory, three soft drink production facilities with twenty-five production lines with total installed annual capacity of 369 million unit cases (29.4% of our total installed annual capacity); and five production lines for juices and tea which satisfy the franchise's needs and re-sales to other Bottlers in Brazil, with total installed annual capacity of 18 million unit cases (1.4% of our total installed annual capacity);

- through Embotelladora del Atlántico in the Argentine territory, three soft drink production facilities with sixteen production lines with a total installed annual capacity of 337 million unit cases (26.8% of our total installed annual capacity); and two facilities for the production of juices with four production lines that covers the needs of our franchise with a total installed annual capacity of 19 million unit cases (1.5% of our total installed annual capacity), and one production line for waters and sensitive products with a total installed annual capacity of 31 million unit cases (2.5% of our total installed annual capacity);

- through Andina Empaques Argentina S.A. in the Argentine territory one production facility for bottles, preforms and plastic caps that covers the needs of the Coca-Cola system in that country. It has 13 preform injectors, three bottle blowers, 1 injector for plastic caps and one production line for cases, with a total installed annual capacity of 1,768 million units considering PET bottles, preforms, plastic caps and cases.

- through Paresa in the Paraguayan territory, one production facility located in San Lorenzo, with eight production lines with a total installed annual capacity of 95 million unit cases (6.4% of our total installed annual capacity); and three tetra pack lines with a total installed annual capacity of 8 million unit cases (1.8% of our total installed annual capacity).

In 2015 we began construction of the Duque de Caixas plant in Brazil. We expect this plant to begin operations in the first quarter of 2018. The plant will have three production lines: returnable bottles, non-returnable bottles and mineral water. The additional installed capacity for returnable bottles will allow us to expand production to meet demand, as our Jacarepaguá facility is currently at 100% capacity. The non-returnable bottles production line will allow us to increase the logistical efficiency of our current distribution model in Brazil. The water production line will allow us to reduce costs by meeting demand for the Rio de Janeiro area from this new facility rather than bringing mineral water from our facility in Ribeirão Preto. We expect that the completion of the Duque de Caixas plant will increase our production capacity in Brazil by 30%.

ITEM 4A. UNRESOLVED SECURITIES AND EXCHANGE COMMISSION STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS 2016

Results of operation

Set forth below is a discussion and analysis of our results of operation for the years ended December 31, 2016, 2015 and 2014.

Our consolidated financial results for the years ended December 31, 2016, 2015 and 2014 include the results of our subsidiaries in Chile, Brazil, Argentina and Paraguay. Our consolidated financial statements reflect the results of the subsidiaries outside Chile, converted into Chilean pesos (our functional and reporting currency) and are presented in accordance with IFRS. IFRS require assets and liabilities to be converted from the functional currency of each entity into the reporting currency (Chilean peso) at end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized.

Factors affecting comparability

There are no events during the periods presented that significantly affect the comparability of the figures presented.

Summary of Results of Operations for the Year ended December 31, 2015 and the Year ended December 31, 2016

The following tables set forth our sales volume, net sales and gross profit for the years ended December 31, 2014, 2015 and 2016:

	Year ended December 31, 2014	2015	2016
	(millions of unit cases(1))		
Sales volume:			
Chile			
Soft drinks	168.5	165.5	161.3
Mineral water	32.8	35.4	36.5
Juices	30.3	32.8	34.4
Beer	0.1	0.0	0.0
Total	231.8	233.7	232.2
Brazil			
Soft drinks	250.2	235.6	216.2
Mineral water	5.4	6.4	6.6
Juices	34.1	30.8	26.4
Beer	17.2	17.8	16.9
Total	306.9	290.6	266.1
Argentina			
Soft drinks	199.1	200.3	183.2
Mineral water	21.7	24.4	25.9
Juices	8.5	9.6	9.7
Total	229.4	234.2	218.7
Paraguay			
Soft drinks	53.8	52.4	52.6
Mineral water	5.5	5.6	5.9
Juices	3.3	3.4	3.5
Total	62.5	61.4	62.0

(1) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters

	Year ended December 31, 2014		2015		2016	
	Ch$ millions	% of Total	Ch$ millions	% of Total	Ch$ millions	% of Total
Net sales:						
Chile	492,072	27.4	514,733	27.4	540,427	30.4
Brazil	715,728	39.8	607,048	32.3	590,146	33.2
Argentina	461,003	25.7	627,258	33.4	517,059	29.1
Paraguay	129,496	7.2	130,039	7.0	132,006	7.4
Inter-country eliminations(1)	(1,099)	(0.1)	(1,684)	(0.1)	(2,178)	(0.1)%
Total net sales	1,797,200	100.0%	1,877,394	100.0%	1,777,459	100.00

(1) Eliminations represent intercompany sales.

The following tables set forth our results of operations for the year ended December 31, 2015 compared to the year ended December 31, 2016.

	Year ended December 31, 2015		2016		2016	
	Ch$ millions	% of net sales	Ch$ millions	% of net sales	US$ Millions(1)	% of net sales
Net sales	1,877,394	100.0	1,777,459	100.0	2,627	100.0
Cost of sales	(1,106,706)	(58.9)	(1,033,910)	(58.2)	(1,528)	(58.2)
Gross profit	770,688	41.1	743,549	41.8	1,099	41.8
Distribution, administrative and sales expenses	(555,092)	(29.6)	(529,879)	(29.8)	(783)	(29.8)
Other (expense) income, net(2)	(85,856)	(4.6)	(72,814)	(4.1)	(108)	(4.1)
Income taxes	(41,643)	(2.2)	(48,807))	(2.7)	(72)	(2.7)
Net income	88,098	4.7	92,049	5.2	136	5.2

(1) Conversion of U.S. dollar amounts, solely for the convenience of the reader.

(2) Includes other expenses, other income (expense), financial income, financial costs, share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.

	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
M Ch$												
Net Sales	**514,733**	**540,427**	**607,048**	**590,146**	**627,258**	**517,059**	**130,039**	**132,006**	**(1,684)**	**(1,684)**	**1,877,394**	**1,777,459**
Cost of sales	(309,387)	(319,214)	(369,212)	(359,156)	(351,140)	(279,308)	(78,651)	(78,410)	1,684	1,684	(1,106,706)	(1,033,910)
Gross profit	205,345	221,214	237,836	230,989	276,118	237,751	51,389	53,596	—	—	770,688	743,549
Distribution, administrative and selling expenses	(142,287)	(152,334)	(161,899)	(159,699)	(217,644)	(182,894)	(29,221)	(29,849)			(551,051)	(524,776)
Corporate expenses									—	—	(4,040)	(5,104)

Net Sales

Our sales volume was 779.0 million unit cases during the year ended December 31, 2016, a 5.0% decrease compared to 819.9 million unit cases during in 2015. Volume for soft drinks decreased 6.2%, volume for juices decreased 3.3%, and volume for beer decreased 5.3%, while waters increased 4.5%, in each case during the year ended December 31, 2016, compared to 2015.

Our net sales were Ch$1,777,459 million during the year ended December 31, 2016, a 5.3% decrease equivalent to Ch$99,935 million, compared to Ch$1,877,394 million during 2015, principally as a result of (i) decreased volume in Argentina, Brazil and Chile and (ii) currency conversions into Chilean pesos, resulting from a depreciation of the Brazilian real, the Argentinean peso and the Paraguayan guaraní against the Chilean peso. This was partially offset by greater revenues per unit case in Argentina, Chile and Paraguay.

Soft drinks represented 73.8% of net sales during the year ended December 31, 2016, compared to 76.0% during 2015.

Chile

Our sales volume in Chile was 232.2 million unit cases during the year ended December 31, 2016, a 0.7% decrease compared to 233.7 million unit cases during 2015. Volumes for soft drinks in Chile decreased 2.6%, while volume for waters and juices in Chile increased by 3.3% and 4.9%, respectively, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Chile during the year ended December 31, 2016, according to A.C. Nielsen Company, was 68.2% (in terms of volume), compared to 69.3% for 2015, and 70.6% (in terms of average sales), compared to 71.3% for 2015.

Our net sales in Chile were Ch$540,427 million during the year ended December 31, 2016, a Ch$25,694 million, or 5.0% increase compared to Ch$514,733 million during 2015, which is explained by higher revenues per unit case and partially offset by the aforementioned decrease in volume sold.

Our net sales of soft drinks in Chile were Ch$391,479 million during the year ended December 31, 2016, a Ch$15,486 million, or 4.1% increase compared to Ch$375,993 million in 2015, primarily as a result of higher revenues per unit case and partially offset by the aforementioned decrease in volume sold. Our net sales of juices and waters in Chile were Ch$148,948 million during the year ended December 31, 2016, a Ch$10,401 million, or 7.5% increase compared to Ch$138,547 million during 2015, primarily as a result of higher revenues per unit case and higher volume.

Brazil

Our sales volume in Brazil was 266.1 million unit cases during the year ended December 31, 2016, an 8.4% decrease compared to 290.6 million unit cases during 2015. Volume for soft drinks in Brazil decreased 8.2%, volume for waters increased 3.9%, volume for juices decreased 14.3% and volume for beer decreased 5.2%, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Brazil, during the year ended December 31, 2016, according to A.C. Nielsen Company, was 63.4% (in terms of volume), compared to 62.7% for 2015, and 69.5% (in terms of average sales), compared to 69.0% for 2015.

Our net sales in Brazil were Ch$590,146 million during the year ended December 31, 2016, a Ch$16,902 million, or 2.8% decrease compared to Ch$607,048 million during 2015.

Our net sales of soft drinks in Brazil were Ch$389,048 million during the year ended December 31, 2016, a Ch$28,460 million, or 6.8% decrease compared to Ch$417,509 million during 2015, primarily as a result of the aforementioned decrease in volume and the negative impact upon conversion of figures, given the devaluation of the Brazilian real against the Chilean peso. This was partially offset by greater revenues per unit case. In local currency, net sales of soft drinks decreased 4.8%, mainly as a result of the decrease in volume which was partially offset by higher revenues per unit case. Our net sales of juices, waters and beer in Brazil were Ch$201,097 million during the year ended December 31, 2016, an Ch$11,558 million increase or 6.1% compared to Ch$189,539 million during 2015, primarily as a result of higher revenues per unit case which was partially offset by a decrease in volume and the effect upon conversion of figures, given the devaluation of the Brazilian real against the Chilean peso. In local currency, they increased 8.2%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume.

Argentina

Our sales volume in Argentina was 218.7 million unit cases during the year ended December 31, 2016, a 6.6% decrease compared to 234.2 million unit cases during 2015. Volume for soft drinks in Argentina decreased 8.5% and volume for juices and waters increased by 0.9% and 6.2%, respectively, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Argentina during the year ended December 31, 2016, according to A.C. Nielsen Company, was 61.6% (in terms of volume), with no variation from 2015, and 67.8% (in terms of average sales), compared to 67.6% for 2015.

Our net sales in Argentina were Ch$517,059 million during the year ended December 31, 2016, a Ch$110,199 million decrease equivalent to 17.6% compared to Ch$627,258 million during 2015, mainly resulting from the devaluation of the Argentinean peso against the Chilean peso and the decrease in volume.

Our net sales of soft drinks in Argentina were Ch$424,428 million during the year ended December 31, 2016, a Ch$99,033 million decrease equivalent to 18.9% compared to Ch$523,461 million during 2015 primarily as a result of the devaluation of the Argentinean peso against the Chilean peso and the decrease in volume that was partially offset by higher revenues per unit case. Our net sales of juices and waters in Argentina were Ch$83,519 million during the year ended December 31, 2015, a 10.6% decrease equivalent to Ch$9,891 million compared to Ch$93,410 million during 2015, primarily as a result of the devaluation of the Argentinean peso against the Chilean peso which was partially offset by higher volume and higher revenues per unit case.

Paraguay

Our sales volume in Paraguay was 62.0 million unit cases during the year ended December 31, 2016, a 1.0% increase compared to 61.4 million unit cases during 2015. Volume for soft drinks, juices and waters in Paraguay increased 0.3%, 4.4% and 5.2%, respectively, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2016, according to A.C. Nielsen Company, was 67.7% in terms of volume compared to 66.1% for 2015, and 74.7% in terms of average sales compared to 72.8% for 2015 according to the same source.

Our net sales in Paraguay were Ch$132,006 million during the year ended December 31, 2016, a Ch$1,244 million, or 1.2% increase compared to Ch$105,710 million during 2015, mainly resulting from higher revenues per unit case and increased volume which was partially offset by the conversion of figures from Paraguayan guaranís to Chilean pesos.

Our net sales of soft drinks in Paraguay were Ch$106,954 million during the year ended December 31, 2016, a Ch$1,244 million, or 1.2% increase compared to Ch$105,710 million during 2015, primarily as a result of higher revenues per unit case which was partially offset by the devaluation of the Paraguayan guaraní against the Chilean peso. In local currency, our net sales increased 6.8% primarily as a result of higher revenues per unit case. Our net sales of juices and waters in Paraguay were Ch$25,052 million during the year ended December 31, 2016, a Ch$722million increase equivalent to 3.0%, compared to Ch$24,330 million during 2015, primarily as a result of higher revenues per unit case and higher volume, which was partially offset by conversion of the Paraguayan guaraní to Chilean pesos.

Cost of Sales

Our cost of sales were Ch$1,033,910 million during the year ended December 31, 2016, a Ch$72,796 million, or 6.6% decrease, compared to Ch$1,106,706 million during 2015. The cost of sales per unit case decreased 1.7% in the same period. This decrease is primarily a result of (i) the effect upon conversion of figures from our subsidiaries in Argentina, Brazil and Paraguay, (ii) lower volume sold, and (iii) the lower cost of dollar denominated raw materials. The previous was partially offset by (i) higher revenues, with a direct effect on concentrate costs, (ii) the devaluation of the local currencies with respect to the U.S. Dollar, which has a negative impact on our dollar denominated costs, and (iii) increased labor costs. Our cost of sales represented 58.2% of net sales for the year ended December 31, 2016, compared to 58.9% for 2015.

Chile

Our cost of sales in Chile was Ch$319,214 million during the year ended December 31, 2016, a Ch$9,827 million, or 3.2% increase compared to Ch$309,387 million during 2015. The cost of sales per unit case increased 3.9% in the same period. This increase was mainly due to (i) higher concentrate costs given price increases carried out, (ii) the depreciation of the Chilean peso, which has a negative impact on dollar denominated costs, and (iii) the shift in the mix from soft drinks to waters, juices and others. This was partially offset by the lower costs in U.S. Dollars of dollar denominated raw materials, namely sugar and PET. Our cost of sales in Chile represented 59.1% of net sales in Chile for the year ended December 31, 2016, compared to 60.1% for 2015.

Brazil

Our cost of sales in Brazil was Ch$359,156 million during the year ended December 31, 2016, a Ch$10,056 million decrease equivalent to 2.7% compared to Ch$369,212 million during 2015. The cost of sales per unit case decreased 6.2% in the same period. In local currency total cost of sales decreased 0.9%, mainly due to (i) lower volume sold, (ii) lower cost in U.S. Dollars of dollar denominated raw materials, and (iii) lower labor costs, explained in part by the shutdown of the Vitoria plant. These effects were partially offset by (i) increased costs of concentrate resulting from price increases carried out, (ii) the devaluation effect of the Brazilian Real over our costs expressed in U.S. Dollars, and (iii) higher cost of other beverages, specifically driven by an increased consumption of water. Our cost of sales in Brazil represented 60.9% of net sales in Brazil for the year ended December 31, 2016, compared to 60.8% for 2015.

Argentina

Our cost of sales in Argentina was Ch$279,308 million during the year ended December 31, 2016, a Ch$71,832 million decrease equivalent to 20.5% compared to Ch$351,140 million during 2015. The cost of sales per unit case decreased 14.8% in the same period. In local currency cost of sales increased 23.1% mainly due to: (i) higher revenues with a direct effect on the cost of concentrate, (ii) increased labor costs, primarily resulting from high local inflation, and (iii) the devaluation effect of the Argentinean peso on our dollar denominated costs. This was partially offset by (i) lower costs given lower volume sold and (ii) lower cost in U.S. dollars of dollar denominated raw materials. Our cost of sales in Argentina represented 54.0% of net sales in Argentina for the year ended December 31, 2016, compared to 56.0% for 2015.

Paraguay

Our cost of sales in Paraguay was Ch$78,410 million during the year ended December 31, 2016, a Ch$241 million decrease equivalent to 0.3% compared to Ch$78,651 million during 2015. Cost of sales per unit case decreased 1.3% during the same period. In local currency cost of sales increased 5.2% primarily due to (i) greater cost of concentrate due to price increases carried out, (ii) greater labor costs, (iii) the effect of the shift in the mix toward products carrying greater costs such as juices, and (iv) the depreciation effect of the Paraguayan guaraní over dollar denominated costs. Our cost of sales in Paraguay represented 59.4% of net sales in Paraguay for the year ended December 31, 2016, compared to 60.5% for 2015.

Gross Profit

Due to the factors described above, our gross profit was Ch$743,549 million during the year ended December 31, 2016, a Ch$27,139 million, or 3.5% decrease compared to Ch$770,688 million during 2015. Our gross profit represented 41.8% of our net sales during the year ended December 31, 2016, compared to 41.1% of our net sales in 2015.

Distribution, administrative and sales expenses

We had distribution, administrative and sales expenses of Ch$529,880 million during the year ended December 31, 2016, a 4.5% decrease equivalent to Ch$25,212 million compared to Ch$555,092 million during 2015. This decrease was mainly due to the effect upon conversion of figures from our subsidiaries in Argentina, Brazil and Paraguay. The previous was partially offset by (i) local inflation, specifically in Argentina, which affects the majority of the these expenses, especially labor, (ii) greater freight expenses in Chile, (iii) greater depreciation charges in Brazil, and (iv) greater marketing expenses in Chile and Paraguay. Our distribution, administrative and sales expenses represented 29.8% of our net sales during the year ended December 31, 2016, compared to 29.6% for 2015.

Chile

In Chile, our distribution, administrative and sales expenses were Ch$152,334 million during the year ended December 31, 2016, a 7.1% increase equivalent to Ch$10,048 million compared to Ch$142,287 million during 2015. This increase in distribution, administrative and sales expenses in Chile was mainly due to the effect of other operating income classified under this item, which were higher than those of 2015. Isolating this effect, distribution, administrative and sales expenses would have increased 3.4% in local currency, which is mainly explained by (i) greater labor costs which were 6.1% higher when compared to the previous year and (ii) greater distribution freights which were 5.6% higher when compared to the previous year. These effects were partially offset by lower haulage freights, which were 11.9% lower when compared to the previous year. Our distribution, administrative and sales expenses in Chile represented 28.2% of our net sales in Chile during the year ended December 31, 2016, compared to 27.6% for 2015.

Brazil

In Brazil, our distribution, administrative and sales expenses were Ch$159,699 million during the year ended December 31, 2016, a 1.4% decrease equivalent to Ch$2,200 million, compared to Ch$161,899 million during 2015, mainly due to the effect of currency conversion. In local currency our distribution, administrative and sales expenses increased 0.4% mainly due to (i) increased labor costs which were 4.9% higher when compared to the previous year and (ii) higher depreciation charges, which were 6.8% higher when compared to the previous year. The previous was partially offset by lower distribution expenses which were 6.0% lower, mainly explained by the internalization of the distribution fleet and by the lower volume sold. Our distribution, administrative and sales expenses in Brazil represented 27.1% of our net sales in Brazil during the year ended December 31, 2016, compared to 26.7% for 2015.

Argentina

In Argentina, our distribution, administrative and sales expenses were Ch$182,894 million during the year ended December 31, 2016, a 16.0% decrease equivalent to Ch$34,750 million, compared to Ch$217,644 million during 2015. In local currency the distribution, administrative and sales expenses increased 29.8%, mainly due to the effect of local inflation over labor costs and costs for freight and third-party services. Our distribution, administrative and sales expenses in Argentina represented 35.4% of our net sales in Argentina during the year ended December 31, 2016, compared to 34.7% for 2015.

Paraguay

In Paraguay, our distribution, administrative and sales expenses were Ch$29,849 million during the year ended December 31, 2016, a 2.1% increase equivalent to Ch$627 million, compared to Ch$29,222 million during 2015. The distribution, administrative and sales expenses in local currency in Paraguay increased 8.0% which is primarily explained by (i) greater marketing expenses, which were 7.4% higher when compared to the previous year, (ii) greater labor costs, which were 9.5% higher compared to the previous year, and (iii) greater distribution freight expenses which were 15.6% higher compared to the previous year, mainly due to increased volume sold directly. These effects were partially offset by lower depreciation charges, which were 17.7% lower compared to the previous year. Our distribution, administrative and sales expenses in Paraguay represented 22.6% of our net sales in Paraguay during the year ended December 31, 2016, compared to 22.5% for 2015.

Other Income (Expense), Net

The following table sets forth our other income (expense), net for the year ended December 31, 2015 and 2016:

	Year Ended December 31,	
	2015	2016
	(in millions of Ch$)	
Other income (expense)	(27,813)	(24,392)
Financial income	10,118	9,662
Financial costs	(55,669)	(51,375)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	(2,328)	(263)
Exchange rate differences	(2,856)	(68)
Loss from differences in indexed financial assets and liabilities	(7,308)	(6,378)
Other income (expense), net	(85,856)	(72,814)

We had other expenses, net, of Ch$72,814 million during the year ended December 31, 2016, a Ch$13,042 million, or 15.2% decrease compared to Ch$85,856 million during 2015. This decrease was mainly influenced by decreased financial costs and decreased levels of financial indebtedness in Argentina and Brazil, lower losses by adjustment units resulting from lower inflation levels in Chile during 2016 against 2015, which has a favorable impact on the debt indexed to Chilean inflation (*Unidad de Fomento*); additionally, during 2016 there was a lower loss in the recognition of income in related companies, and a lower loss from exchange rate differences on dollarized accounts in Argentina and Paraguay in 2016.

Income Taxes

We had income taxes of Ch$48,807 million during the year ended December 31, 2016, a Ch$7,164 million, or 17.2% increase compared to Ch$41,643 million during 2015. This increase was mainly resulting from deferred tax estimates due to the exchange rate variation, lower net financial expenses and a higher corporate tax rate in Chile, which increased from 22.5% in 2015 to 24% in 2016.

Net Income

Due to the factors described above, we had net income of Ch$92,049 million during the year ended December 31, 2016, a Ch$3,951 million, or 4.5% increase compared to Ch$88,098 million during 2015. Our net income represented 5.2% of our net sales during the year ended December 31, 2016, compared to 4.7% for 2015.

Summary of Results of Operations for the Year ended December 31, 2014 and the Year ended December 31, 2015

The following tables set forth our sales volume, net sales and gross profit for the year ended December 31, 2013, compared to the year ended December 31, 2014 and December 31, 2015:

	Year ended December 31,		
	2013	2014	2015
		(millions of unit cases(1))	
Sales volume:			
Chile			
Soft drinks	174.4	168.5	165.5
Mineral water	30.0	32.8	35.4
Juices	30.3	30.3	32.8
Beer	0.1	0.1	0.0
Total	234.7	231.8	233.7
Brazil			
Soft drinks	205.2	250.2	235.6
Mineral water	6.2	5.4	6.4
Juices	22.9	34.1	30.8
Beer	8.4	17.2	17.8
Total	242.6	306.9	290.6
Argentina			
Soft drinks	200.4	199.1	200.3
Mineral water	18.0	21.7	24.4
Juices	6.0	8.5	9.6
Total	224.4	229.4	234.2
Paraguay			
Soft drinks	53.5	53.8	52.4
Mineral water	4.4	5.5	5.6
Juices	3.4	3.3	3.4
Total	61.2	62.5	61.4

(1) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters

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	Year ended December 31,					
	2013		2014		2015	
	Ch$ millions	% of Total	Ch$ millions	% of Total	Ch$ millions	% of Total
Net sales:						
Chile	477,918	31.4	492,072	27.4	514,733	27.4
Brazil	491,861	32.3	715,728	39.8	607,048	32.3
Argentina	441,229	29.0	461,003	25.7	627,258	33.4
Paraguay	112,254	7.4	129,496	7.2	130,039	7.0
Inter-country eliminations(1)	(1,581)	(0.1)	(1,099)	(0.1)	(1,684)	(0.1)
Total net sales	1,521,681	100.0%	1,797,200	100.0%	1,877,394	100.0%

(1) Eliminations represent intercompany sales.

The following tables set forth our results of operations for the year ended December 31, 2014 compared to the year ended December 31, 2015.

	Year ended December 31,					
	2014		2015		2015	
	Ch$ millions	% of net sales	Ch$ millions	% of net sales	US$ Millions(1)	% of net sales
Net sales	1.797.200	100.0	1,877,394	100.0	2,868	100.0
Cost of sales	(1.081.243)	(60.2)	(1,106,706)	(58.9)	(1,691)	(58.9)
Gross profit	715.957	39.8	770,688	41.1	1,177	41.1
Distribution, administrative and sales expenses	(529.184)	(29.4)	(555,092)	(29.6)	(848)	(29.6)
Other (expense) income, net(2)	(89.385)	(5.0)	(85,856)	(4.6)	(131)	(4.6)
Income taxes	(45.354)	(2.5)	(41,643)	(2.2)	(64)	(2.2)
Net income	52.034	2.9	88,098	4.7	135	4.7

(1) Conversion of U.S. dollar amounts, solely for the convenience of the reader.
(2) Includes other expenses, other income (expense), financial income, financial costs, share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.

	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
M Ch$												
Net Sales	492,072	514,733	715,728	607,048	461,003	627,258	129,496	130,039	(1,099)	(1,684)	1,797,200	1,877,394
Cost of sales	(296,894)	(309,387)	(440,655)	(369,212)	(265,288)	(351,140)	(79,505)	(78,651)	1,099	1,684	(1,081,243)	(1,106,706)
Gross profit	195,178	205,345	275,073	237,836	195,715	276,118	49,990	51,389	—	—	715,956	770,688
Distribution, administrative and selling expenses	(138,718)	(142,287)	(190,272)	(161,899)	(165,267)	(217,644)	(29,832)	(29,221)			(524,089)	(551,051)
Corporate expenses									—	—	(5,095)	(4,040)

Net Sales

Our sales volume was 819.9 million unit cases during the year ended December 31, 2015, a 1.3% decrease compared to 830.6 million unit cases during in 2014. Volume for soft drinks decreased 2.3%, and volume for juices decreased 2.9%, while beer and waters increased 3.0% and 9.7%, respectively, in each case during the year ended December 31, 2015, compared to 2014.

Our net sales were Ch$1,877,394 million during the year ended December 31, 2015, a Ch$80,194 million, or 4.5% increase compared to Ch$1,797,200 million during 2014, principally as a result of (i) increased volume in Argentina and Chile and (ii) increased sales prices in Chile, Brazil, Argentina and Paraguay. This was partially offset by (i) a decrease in soft drink volume in Brazil and Paraguay, and (ii) currency conversions into Chilean pesos, resulting from a depreciation of the Brazilian real against the Chilean peso.

Soft drinks represented 76% of net sales during the year ended December 31, 2015, compared to 75% during 2014.

Chile

Our sales volume in Chile was 233.7 million unit cases during the year ended December 31, 2015, a 0.8% increase compared to 231.8 million unit cases during 2014. Volumes for soft drinks and juices in Chile decreased 0.2% and 0.7% respectively while volume for waters in Chile increased by 7.9%, in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Chile during the year ended December 31, 2015, according to A.C. Nielsen Company, was 69.3% (in terms of volume), compared to 68.5% for 2014, and 71.3% (in terms of average sales), compared to 71.0% for 2014.

Our net sales in Chile were Ch$514,733 million during the year ended December 31, 2015, a Ch$22,661 million, or 4.6% increase compared to Ch$492,072 million during 2014, mainly resulting from higher revenues per unit case and by the aforementioned increase in volume sold.

Our net sales of soft drinks in Chile were Ch$375,993 million during the year ended December 31, 2015, a Ch$12,870 million, or 3.5% increase compared to Ch$363,123 million in 2014, primarily as a result of higher revenues per unit case. Our net sales of juices and waters in Chile were Ch$138,547 million during the year ended December 31, 2015, a Ch$9,599 million, or 7.4% increase compared to Ch$128,948 million during 2014, primarily as a result of higher revenues per unit case and higher volumes.

Brazil

Our sales volume in Brazil was 290.6 million unit cases during the year ended December 31, 2015, a 5.3% decrease compared to 306.9 million unit cases during 2014. Volume for soft drinks in Brazil decreased 5.8%, and volume for waters increased 19.1%, volume for juices decreased 9.6% and volume for beer increased 3.3% in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Brazil, during the year ended December 31, 2015, according to A.C. Nielsen Company, was 62.3% (in terms of volume), compared to 61.4% for 2014, and 68.7% (in terms of average sales), compared to 68.0% for 2014.

Our net sales in Brazil were Ch$607,048 million during the year ended December 31, 2015, a Ch$108,681 million, or 15.2% decrease compared to Ch$715,728 million during 2014.

Our net sales of soft drinks in Brazil were Ch$417,509 million during the year ended December 31, 2015, a Ch$73,423 million, or 15.0% decrease compared to Ch$490,931 million during 2014, primarily as a result of conversion of figures, given the strong devaluation of the Brazilian real against the Chilean peso. In local currency, they increased 3.6%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume. Our net sales of juices, waters and beer in Brazil were Ch$189,539 million during the year ended December 31, 2015, a Ch$35,258 million, or 15.7% decrease compared to Ch$224,797 million during 2014, primarily as a result of conversion of figures, given the strong devaluation of the Brazilian real against the Chilean peso. In local currency, they increased 2.9%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume.

Argentina

Our sales volume in Argentina was 234.2 million unit cases during the year ended December 31, 2015, a 2.1% increase compared to 229.4 million unit cases during 2014. Volume for soft drinks in Argentina increased 0.6%, volume for juices increased by 13.1% and volume for waters increased 12.1%, in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Argentina during the year ended December 31, 2015, according to A.C. Nielsen Company, was 61.6% (in terms of volume), compared to 61.4% for 2014, and 67.6% (in terms of average sales), compared to 66.9% for 2014.

Our net sales in Argentina were Ch$627,258 million during the year ended December 31, 2015, a Ch$166,255 million, or 36.1% increase compared to Ch$461,003 million during 2014, mainly resulting from an increase in volume and prices.

Our net sales of soft drinks in Argentina were Ch$523,461 million during the year ended December 31, 2015, a Ch$131,662 million, or 33.6% increase compared to Ch$391,799 million during 2014 primarily as a result of higher revenues per unit case and higher volume which was partially offset by the devaluation of the Argentinean peso against the Chilean peso. Our net sales of juices and waters in Argentina were Ch$93,410 million during the year ended December 31, 2014, a Ch$31,876 million, or 51.8% increase compared to Ch$61,533 million during 2014, primarily as a result of higher revenues per unit case and higher volume which was partially offset by the devaluation of the Argentinean peso against the Chilean peso.

Paraguay

Our sales volume in Paraguay was 61.4 million unit cases during the year ended December 31, 2015, a 1.8% decrease compared to 62.5 million unit cases during 2014. Volume for soft drinks in Paraguay decreased 2.5%, while volume for juices increased 3.2% and volume for waters increased 1.9%, in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2015, according to A.C. Nielsen Company, was 61.6% (in terms of volume), compared to 61.7% for 2014, and 72.8% (in terms of average sales), compared to 66.9% for 2014.

Our net sales in Paraguay were Ch$130,039 million during the year ended December 31, 2015, a Ch$543 million, or 0.4% increase compared to Ch$129.496 million during 2014, mainly resulting from increased prices, and partially offset by the volume decrease.

Our net sales of soft drinks in Paraguay were Ch$105,710 million during the year ended December 31, 2015, a Ch$870 million, or 0.8% decrease compared to Ch$106,579 million during 2014, primarily as a result of result of the devaluation of the Paraguayan guaraní against the Chilean peso. In local currency, they increased 1.0%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume. Our net sales of juices and waters in Paraguay were Ch$24,330 million during the year ended December 31, 2015, a Ch$1,413 million, or 6.2% increase compared to Ch$22,916 million during 2014, primarily as a result of higher revenues per unit case and higher volume, which was partially offset by conversion of the Paraguayan guaraní to Chilean pesos.

Cost of Sales

Our cost of sales were Ch$1,106,706 million during the year ended December 31, 2015, a Ch$25,463 million, or 2.4% increase, compared to Ch$1,081,243 million during 2014. The cost of sales per unit case increased 3.7% in the same period. This increase was mainly due to (i) higher cost of concentrate, for which we are charged a percentage of our sales by The Coca Cola Company, in Argentina, Brazil and Chile; (ii) an increase in the percentage of distributed products (juices and waters) in our product mix in Brazil, which have a greater cost per unit case; (iii) an increase in labor costs, mainly in Argentina, (iv) the depreciation of the local currencies of Brazil, Chile and Paraguay relative to the U.S. dollar, which increases our effective cost of raw materials denominated in U.S. dollars; and (iv) increased depreciation of capital goods in Argentina . These effects were partially offset by (i) the lower cost of sugar in Paraguay and (ii) the decrease in the cost of juices and waters in Chile. Our cost of sales represented 58.9% of net sales for the year ended December 31, 2015, compared to 60.2% for 2014.

Chile

Our cost of sales in Chile was Ch$309,387 million during the year ended December 31, 2015, a Ch$12,493 million, or 4.2% increase compared to Ch$296.894 million during 2014. The cost of sales per unit case increased 3.4% in the same period. This increase was mainly due to (i) higher concentrate costs given price increases carried out and (ii) the depreciation of the Chilean peso which has a negative impact on dollar denominated costs. This was partially compensated for by the decrease in the cost of juices and waters. Our cost of sales in Chile represented 60.1% of net sales in Chile for the year ended December 31, 2015, compared to 60.3% for 2014.

Brazil

Our cost of sales in Brazil was Ch$369,212 million during the year ended December 31, 2015, a Ch$71,443 million, or 16.2% decrease compared to Ch$440,655 million during 2014. The cost of sales per unit case decreased 11.5% in the same period. In local currency total cost of sales increased 2.4%, mainly due to (i) increased costs of concentrate resulting from price increases carried out, (ii) an increase in our product mix of distributed products (mainly waters and beer), which have a greater cost per unit case; and (iii) the devaluation effect of the Brazilian Real over our costs expressed in U.S. dollars. Our cost of sales in Brazil represented 60.8% of net sales in Brazil for the year ended December 31, 2015, compared to 61.6% for 2014.

Argentina

Our cost of sales in Argentina was Ch$351,140 million during the year ended December 31, 2015, a Ch$85,852 million, or 32.4% increase compared to Ch$265,288 million during 2014. The cost of sales per unit case increased 29.6% in the same period. In local currency total cost of sales increased 35.7%. The increase in our cost of sales per unit case in local currency was mainly due to: (i) higher costs of concentrate explained by price increases; (ii) higher labor costs, mainly caused by the increase in real wages, and (iii) higher depreciation due to recent investments. Our cost of sales in Argentina represented 56.0% of net sales in Argentina for the year ended December 31, 2015, compared to 57.5% for 2014.

Paraguay

Our cost of sales in Paraguay was Ch$78,651 million during the year ended December 31, 2015, a Ch$855 million, or 1.1% decrease compared to Ch$79,506 million during 2014. Cost of sales per unit case increased 0.7% during the same period. This increase is explained by the effect of conversion of figures. In local currency it experienced a marginal increase, due to the effect of the devaluation of the Paraguay guaraní over our costs expressed in U.S. dollars, partially offset by the lower cost of sugar. Our cost of sales in Paraguay represented 60.5% of net sales in Paraguay for the year ended December 31, 2015, compared to 61.4% for 2014.

Gross Profit

Due to the factors described above, our gross profit was Ch$770,688 million during the year ended December 31, 2015, a Ch$54,732 million, or 7.6% increase compared to Ch$715,956 million during 2014. Our gross profit represented 41.1% of our net sales during the year ended December 31, 2015, compared to 39.8% of our net sales in 2014.

Distribution, administrative and sales expenses

We had distribution, administrative and sales expenses of Ch$555,092 million during the year ended December 31, 2015, a Ch$25,908 million, or 4.9% increase compared to Ch$529,184 million during 2014. This increase in distribution, administrative and sales expenses was mainly due to (i) increased labor costs in Argentina, Chile and Brazil and (ii) increased distribution costs in Argentina and Brazil. This was partially offset by lower marketing expenses in Brazil and Chile. Our distribution, administrative and sales expenses represented 29.4% of our net sales during the year ended December 31, 2015, compared to 29.2% for 2014.

Chile

In Chile, our distribution, administrative and sales expenses were Ch$142,287 million during the year ended December 31, 2015, a Ch$3,569 million, or 2.6% increase compared to Ch$138,718 million during 2014. The increase in distribution, administrative and sales expenses in Chile was mainly due to increased labor costs which were 7% higher when compared to the previous year and partially offset by lower marketing expenses which were 19% lower compared to the previous year. Our distribution, administrative and sales expenses in Chile represented 27.6% of our net sales in Chile during the year ended December 31, 2015, compared to 28.2% for 2014.

Brazil

In Brazil, our distribution, administrative and sales expenses were Ch$161,899 million during the year ended December 31, 2015, a Ch$28,372 million, or 14.9% decrease compared to Ch$190,272 million during 2014, mainly due to the effect of currency conversion. In local currency our distribution, administrative and sales expenses increased 4.1% mainly due to increased labor costs which were 6% higher when compared to the previous year, and higher freight costs, which were 10% higher when compared to the previous year, which were partially offset by lower marketing expenses. Our distribution, administrative and sales expenses in Brazil represented 26.7% of our net sales in Brazil during the year ended December 31, 2015, compared to 26.6% for 2014.

Argentina

In Argentina, our distribution, administrative and sales expenses were Ch$217,644 million during the year ended December 31, 2015, a Ch$52,377 million, or 31.7% increase compared to Ch$165,267 million during 2014. In local currency the distribution, administrative and sales expenses increased 31.9%, mainly due to the effect of local inflation over labor costs and costs for freight and third-party services. Our distribution, administrative and sales expenses in Argentina represented 34.7% of our net sales in Argentina during the year ended December 31, 2015, compared to 35.8% for 2014.

Paraguay

In Paraguay, our distribution, administrative and sales expenses were Ch$29,221 million during the year ended December 31, 2015, a Ch$611 million, or 2.0% decrease compared to Ch$29,832 million during 2014. The distribution, administrative and sales expenses in local currency in Paraguay deceased 0.3% since increased labor costs, which was 8% higher when compared to the previous year was offset by (i) lower freight distribution which was 10% lower compared to the previous year and (ii) lower marketing expenses which were 11% lower when compared to the previous year. Our distribution, administrative and sales expenses in Paraguay represented 22.5% of our net sales in Paraguay during the year ended December 31, 2015, compared to 23.0% for 2014.

Other Income (Expense), Net

The following table sets forth our other income (expense), net for the year ended December 31, 2014 and 2015:

	Year Ended December 31,	
	2014	2015
	(in millions of Ch$)	
Other income (expense)	(19,014)	(27,813)
Financial income	8,656	10,118
Financial costs	(65,081)	(55,669)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	1,191	(2,328)
Exchange rate differences	(2,675)	(2,856)
Loss from differences in indexed financial assets and liabilities	(12,462)	(7,308)
Other income (expense), net	(89,385)	(85,856)

We had other expenses, net, of Ch$85,856 million during the year ended December 31, 2015, a Ch$3,529 million, or 3.9% decrease compared to Ch$89,385 million during 2014. This decrease was mainly influenced by decreased financial costs and decreased levels of financial indebtedness in Argentina and Brazil and the effect of conversion of figures given the depreciation of the Brazilian real against the Chilean peso, lower losses by adjustment units resulting from lower inflation levels in Chile during 2015 against 2014, which has a favorable impact on the debt indexed to Chilean inflation (*Unidad de Fomento*); these effects were partially offset by (i) the increase in expenses generated mainly from increased contingency provision in Brazil and (ii) in the item income from related companies, from recognizing losses from investment in Brazilian equity investees.

Income Taxes

We had income taxes of Ch$41,643 million during the year ended December 31, 2015, a Ch$3,711 million, or 8.2% decrease compared to Ch$45,354 million during 2014. This decrease was mainly resulting from differed tax estimates due to the exchange rate variation. This effect was partially offset during 2015 by increased taxable income in the operations in Argentina and Brazil and increased deferred taxes due to exchange rate variations.

Net Income

Due to the factors described above, we had net income of Ch$88,098 million during the year ended December 31, 2015, a Ch$36,064 million, or 69.3% increase compared to Ch$52,034 million during 2014. Our net income represented 4.7% of our net sales during the year ended December 31, 2015, compared to 2.9% for 2014.

Basis of Presentation

The aforementioned discussion should be read in conjunction with and is qualified in its entirety by reference to the Consolidated Financial Statements, including the notes thereto.

These Financial Statements have been prepared in accordance with IFRS issued by the IASB.

These Financial Statements reflect the consolidated financial position of Embotelladora Andina S.A. and its subsidiaries as of December 31, 2016 and 2015 as well as the operating results, changes in shareholders' equity and cash flows for the years ended December 31, 2016, 2015 and 2014, all of which were approved by the board of directors on April 26, 2017.

Our consolidated financial results include the results of our subsidiaries located in Chile, Brazil, Argentina and Paraguay. Our subsidiaries outside Chile prepare their financial statements in accordance with IFRS and to comply with local regulations in accordance with generally accepted accounting principles of the country in which they operate. The Consolidated Financial Statements reflect the results of the subsidiaries outside of Chile, converted to Chilean pesos (functional and reporting currency of the parent company) and are presented in accordance with IFRS. The International Financial Reporting Standards requires assets and liabilities to be converted from the functional currency of each entity to the reporting currency (Chilean peso) at end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized

Critical Accounting Estimates

Discussion of critical accounting estimates

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of our results of operations and financial position in the preparation of financial statements in conformity with IFRS. We cannot assure you that actual results will not differ from those estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. For a more detailed discussion of accounting policies significant to our operations, please see Note 2 to our Consolidated Financial Statements.

Impairment of goodwill and intangible assets of indefinite useful life

The Group tests if goodwill and intangible assets of indefinite useful life have suffered impairment loss on an annual basis or whenever there are indicators of impairment. The recoverable amounts of cash generating units are determined based on calculations of the value in use. The key variables that management calculates include the volume of sales, prices, marketing expenses and other economic factors. The estimation of these variables requires a material administrative judgment as those variables imply inherent uncertainties. However, the assumptions are consistent with our internal planning. Therefore, management evaluates and updates estimates according to the conditions affecting the variables. If these assets are deemed to have become impaired, they will be written off at their estimated fair value or future recovery value according to discounted cash flows. Discounted free cash flows in the cash generating unit of the Parent Company in Chile as well as the subsidiaries in Brazil, Argentina and Paraguay generated greater values than their respective assets, including goodwill for the Brazilian, Argentine and Paraguayan subsidiaries.

Fair value of assets and liabilities

IFRS requires, in certain cases, that assets and liabilities be recorded at their fair value. Fair value is the amount at which an asset can be purchased or sold or the amount at which a liability can be incurred or liquidated in an actual transaction among parties duly informed under conditions of mutual independence, different from a forced liquidation.

The basis for measuring assets and liabilities at fair value are the current prices in the active market. Lacking such an active market, we estimate said values based on the best information available, including the use of models or other valuation techniques.

We estimated the fair value of the intangible assets acquired as a result of mergers and acquisitions based on the multiple period excess earning method, which implies the estimation of future cash flows generated by intangible assets, adjusted by cash flows that do not come from intangible assets, but from other assets. For this, we estimated the time during which the intangible asset will generate cash flows, the cash flows themselves, cash flows from other assets and a discount rate.

Other assets acquired and implicit liabilities in the business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances including the cost of depreciated recovery and recent transaction values for comparable assets, among others. These methodologies require certain inputs to be estimated, including the estimation of future cash flows.

Provision for doubtful accounts

We evaluate the possibility of collecting trade accounts receivable using several factors. When we become aware of a specific inability of a customer to fulfill its financial commitments, a specific provision for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the amount that we estimate will ultimately be collected. In addition to specifically identifying potential uncollectible customer accounts, debits for doubtful accounts are accounted for based on the recent history of prior losses and a general assessment of trade accounts receivable, both outstanding and past due, among other factors.

Useful life, residual value and impairment of property, plant, and equipment

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to our business model, or changes in our capital strategy might modify the effective useful lives compared to our estimates. Whenever we determine that the useful life of property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned use of manufacturing equipment, dispensers, and transportation equipment or computer software could make the useful lives of assets shorter. We review the impairment of long-lived assets each time events or changes in circumstances indicate that the book value of any of those assets might not be recovered. The estimate of future cash flows is based, among other things, on certain assumptions about the expected operating profits in the future. Our estimates of non-discounted cash flows may differ from real cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in the operating profit. If the sum of non-discounted cash flows that have been projected (excluding interest) is less than the carrying value of the asset, the asset will be written down to its estimated recoverable value.

Liabilities for bottle and case collateral

We have a liability for deposits received for bottles and cases provided to our customers and distributors. The liability represents the deposit value that we may be required to remit upon receipt from the customer or distributor of the bottles and cases, in good condition, along with the original invoice. The liability is not subject to price level restatements as per current agreements with customers and distributors. We estimate the liability for deposits based on a periodic inventory of bottles loaned to customers and distributors, estimates of bottles in circulation and a weighted average historical deposit value per bottle or case. Significant management judgment is involved in estimating the number of bottles in circulation, the deposit value that could be subject to redemption and the timing of disbursements related to this liability.

Impact of Foreign Currency Fluctuations

In accordance with IFRS conversion methods, assets and liabilities from Argentina, Paraguay and Brazil are converted from their functional currency (Argentine peso, Paraguayan guaraní and Brazilian real respectively) to the reporting currency of the parent company (Chilean peso) at the end of period exchange rate, and income accounts at the exchange rate as of the date of the transaction or monthly average exchange rate of the month when it took place. The effects of conversion are presented as comprehensive income and do not affect the results for the years ended December 31, 2016, 2015 and 2014. The conversion effects due to the currency conversion undertaken for assets and liabilities in accordance with the method previously explained resulted in a decrease of other comprehensive income of Ch$4,517 million during 2016 (net increase of Ch$106,153 million during 2015 and a net decrease of Ch$28,150 million during 2014). We also present under other comprehensive income the net effect as result of the restatement of Chilean pesos to U.S. dollars and other currencies to U.S. dollars resulting from the update of intercompany accounts that have designated as part of the Company's investment, this effect resulted in an increase of Ch$3,220 million during 2016 (decrease of Ch$8,000 million in 2015 and an increase of Ch$925 million during 2014).

In order to protect us from the effects on income resulting from the volatility of the Brazilian real and the Chilean peso against the U.S. dollar, we maintain derivative contracts (cross currency swaps) derivative to cover almost 100% of U.S. dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean peso and the Brazilian real against the U.S. dollar, are significantly mitigating our exchange rate exposure.

According to our currency hedge policy, we frequently use forward contracts to protect against the risk of variation of the U.S. dollar, which has an impact on some of our principal raw materials. These contracts depend on each operation. For example, on our balance sheets we keep dollar forward contracts against the Argentine peso, the Brazilian real, the Chilean peso and the Paraguayan Guaraní.

The mark to market of these contracts are recorded according to the hedge accounting methodology outlined in IFRS standards, i.e., the valuation at fair value is carried to equity accounts, and when the effect on results of the hedged item occurs, the effects of derivatives contracts, are recycled from equity to operating results. For further information about the instruments we use to protect against foreign currency risk, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk."

Impact of Governmental Policies

Our business is dependent upon the economic conditions prevailing in our countries of operation. Various governmental economic, fiscal, monetary and political policies, such as those related to inflation or foreign exchange, may affect these economic conditions, and in turn may impact our business. These government policies may also affect investments by our shareholders.

For a discussion of political factors and governmental, economic, fiscal and monetary policies that could materially affect investments by U.S. shareholders as well as our operations, please refer to “Item 3. Key Information—Risk Factors” and “Item 10. Additional Information”

B. LIQUIDITY AND CAPITAL RESOURCES

Capital Resources, Treasury and Funding Policies

The products we sell are usually paid for in cash or short term credit, and therefore our main source of financing comes from the cash flow of our operations. This cash flow has been generally sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved at our General Shareholders’ Meeting. Nevertheless, in 2013 it was necessary to issue international bonds to finance the acquisition of the 100% stake of Ipiranga in Brazil for R$1,155 million (equivalent to Ch$261,245 million). Our net cash position diminished after the merger with Polar and the Ipiranga acquisition in part because Polar and Ipiranga previously had more debt when compared to Andina’s balance sheet. Should additional funding be required for potential future investments in geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where we have operations; and; (iii) public equity offerings.

Certain restrictions could exist to transfer funds from our operating subsidiaries to our parent company, as it was the case of cash flows generated by our subsidiary in Argentina in the years 2013, 2014 and 2015. Currently, there are no such restrictions in place. During 2016, we received dividends from subsidiaries in Argentina, Brazil and Paraguay. We cannot assure you that we will not face restrictions in the future regarding the distribution of dividends from our foreign subsidiaries.

Our management believes that we have access to financial resources to maintain our current operations and provide for our current capital expenditure and working capital requirements, scheduled debt payments, interest and income tax payments and dividend payments to shareholders.

The amount and frequency of future dividends to our shareholders will be determined at the General Shareholders’ Meeting upon the proposal of our board of directors in light of our earnings and financial condition at such time, and we cannot assure you that dividends will be declared in the future. However, it should be noted that Corporate Law requires us to distribute at least 30% of any profits generated each year.

Our board of directors has been empowered by our shareholders to define our financing and investment policies. Our bylaws do not define a strict financing structure, nor do they limit the types of investments we may make. Traditionally, we have preferred to use our own resources to finance our investments.

Our financing policy contemplates that each subsidiary should finance its own operations. From this perspective, each subsidiary’s management must focus on cash generation and should establish clear targets for operating income, capital expenditures and levels of working capital. These targets are reviewed on a monthly basis to ensure that their objectives are met. Should additional financing needs arise, either as a result of a cash deficit or to take advantage of market opportunities, our general policy is to prefer local financing to allow for natural hedging. If local financing conditions were not acceptable, because of costs or other constraints, Andina will provide financing, or our subsidiary could finance itself in a currency different than the local one.

Our cash management policy contemplates that any cash surplus must be invested in a portfolio of investment grade securities until such time as our board of directors makes a final decision as to the disposition of the surplus.

Derivative instruments are utilized only for business purposes, and never for speculative purposes. Pursuant to our currency hedge policy, forward currency contracts are used in some operations to cover the risk of local currency devaluation relative to the U.S. dollar in an amount not greater than the budgeted purchases of U.S. dollar-denominated raw materials. Depending on market conditions, instead of forward currency contracts, from time to time we prefer to utilize our cash surplus to purchase raw materials in advance to obtain better prices and a fixed exchange rate.

Cash Flows from Operating Activities 2016 vs. Cash Flows from Operating Activities 2015

Cash flows from operating activities during 2016 amounted to Ch$223,447 million compared to Ch$264,909 million in 2015. The decrease in cash flow generation was mainly due to higher payments to suppliers during 2016.

Cash Flows from Operating Activities 2015 vs. Cash Flows from Operating Activities 2014

Cash flows from operating activities during 2015 amounted to Ch$264,909 million compared to Ch$215,514 million in 2014. The increase in cash flow generation was mainly due to higher client collections, resulting from a better performance mainly from the Argentine operation.

Cash Flows from Investing Activities 2016 vs. Cash Flows from Investing Activities 2015

Cash flows for investing activities (includes purchase and sale of property, plant and equipment, investment in associated companies and financial investments) amounted to Ch$113,916 million in 2016 compared to Ch$103,131 million during 2015. During 2016 we made higher investments in property, plant and equipment, amounting to Ch$15,817 million and capital contributions in Coca-Cola del Valle Ventures S.A. and Trop Frutas do Brasil Ltda. in the amount of Ch$17,587 million.

The main item of investing activities is the purchase of property, plant and equipment which increased from Ch$112,400 in 2015 to Ch$128,217 million in 2016 .

Cash Flows from Investing Activities 2015 vs. Cash Flows from Investing Activities 2014

Cash flows for investing activities (includes purchase and sale of property, plant and equipment, investment in associated companies and financial investments) amounted to Ch$103,131 million in 2015 compared to Ch$166,776 million during 2014. During 2014 we made lower net investments in short and long term financial instruments.

The main item of investing activities is the purchase of property, plant and equipment which decreased from Ch$114,217 million in 2014 to Ch$112,400 in 2015.

Cash Flows from Financing Activities 2016 vs. Cash Flows from Financing Activities 2015

Our financing activities are directly related to dividend distributions to our shareholders, that record a utilization of cash resources amounting to Ch$67,592 million compared to Ch$54,320 million during 2015, and borrowings from banks and payment of these loans, in order to finance these dividend payments and investments. As a result of our business' seasonality, we generate greater cash flows during the summer months (December through March); therefore, during the winter season we may require short term financing in order to fulfill our dividend and investment commitments.

As of December 31, 2016, we had 18 short-term credit lines in an amount equivalent to Ch$260,817 million of which the equivalent of Ch$193,850 million correspond to 12 unused lines of credit that remain available. . In Argentina, we had the equivalent of Ch$66,077 million in credit available with eight lines of credit. The unused portion of such lines of credit at that date was equivalent to Ch$65,943 million. In Brazil, we had the equivalent of Ch$147,106 million in credit available from four lines of credit. The unused portion of such lines of credit at that date was equivalent to Ch$80,274 million. In Chile, we had the equivalent of Ch$15,700 million in credit available from three lines of credit which have not been used. In Paraguay, we had the equivalent of Ch$31,934 million in credit available from four lines of credit which have not been used.

Cash Flows from Financing Activities 2015 vs. Cash Flows from Financing Activities 2014

Our financing activities are directly related to dividend distributions to our shareholders, that record a utilization of cash resources amounting to Ch$54,320 million compared to Ch$52,269 million during 2014, and borrowings from banks and payment of these loans, in order to finance these dividend payments and investments. As a result of our business' seasonality, we generate greater cash flows during the summer months (December through March); therefore, during the winter season we may require short term financing in order to fulfill our dividend and investment commitments.

As of December 31, 2015, we had available short-term credit lines in an amount equivalent to Ch$198,144 million. The aggregate unused portion of such lines of credit at that date was equivalent to Ch$126,398 million. Our unused sources of liquidity include four lines of credit. In Chile, we had the equivalent of Ch$15,000 million in credit available from two separate lines. The unused portion of such lines of credit at that date was equivalent to Ch$15,000 million. In Brazil, we had the equivalent of Ch$108,506 million in credit available from four lines. The unused portion of such lines of credit at that date was equivalent to Ch$39,530 million. In Argentina, we had the equivalent of Ch$67,536 million in credit available with ten lines. The unused portion of such lines of credit at that date was equivalent to Ch$64,766 million. In Paraguay, we had the equivalent of Ch$7,102 million in credit available from one line. The unused portion of said line of credit at that date was equivalent to Ch$7,102 million.

Liabilities

For the year ended December 31, 2016, our total liabilities, excluding non-controlling interest, were Ch$1,356,940 million; representing a 0.06% decrease compared to December 31, 2015. The decrease in total liabilities resulted principally from the restatement of U.S. dollar denominated public liabilities (given the appreciation of the Chilean peso against the U.S. dollar) and the decreases of bank liabilities in Argentina and Brazil, partially offset by an increased balance of trade accounts payable. As of December 31, 2016, our noncurrent liabilities included (i) other noncurrent financial liabilities of Ch$721,571 million, (ii) noncurrent accounts payable of Ch$9,510 million (iii) other noncurrent provisions of Ch$72,399 million, (iv) deferred tax liabilities for Ch$125,609 million; (v) noncurrent employee benefit provisions for Ch$8,158 million; and (vi) other noncurrent non-financial liabilities for Ch$159 million, totaling noncurrent liabilities for Ch$937,405 million during the year ended December 31, 2016 compared to Ch$977,252 million during the year ended December 31, 2015..

As of December 31, 2016, our current liabilities included (i) other current financial liabilities of Ch$64,801 million; (ii) trade accounts and other accounts payable for Ch$242,836 million; (iii) current accounts payable to related entities for Ch$44,120 million; (iv) other current provisions for Ch$683 million; (v) current tax liabilities for Ch$10,829 million and (vi) current employee benefit provisions for Ch$35,633 million and (vi) other non-financial current liabilities for Ch$20,613 million. Total current liabilities during the year ended December 31, 2016 amounted to Ch$419,535 million compared to Ch$380,574 million during the year ended December 31, 2015.

As of December 31, 2016, and before the cross currency swaps contracts the company entered in, our bond liabilities had a weighted average interest rate of 4.70% while our bank liabilities had a weighted average interest rate of 5.06%.

Summary of Significant Debt Instruments

As of December 31, 2016, the Company is in compliance with all its debt covenants which are summarized below:

Series B Local Bonds

During 2001, we issued in the Chilean capital markets Series B bonds. This issuance was structured into two series, one of which matured during 2008. The outstanding series as of December 31, 2016 is Series B for a nominal amount of up to UF 4 million, of which amount UF 3.7 million in bonds were placed with final maturity in the year 2026 at a 6.50% annual interest rate. The Series B Local Bonds are subject to the following restrictive covenants:

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Current Liabilities bearing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under "Other Current Financial Assets" and "Other Non-current Financial Assets" of the Company's Consolidated Statement of Financial Position. Consolidated Equity shall be regarded as total equity including non-controlling interests.

- Maintain and in no way lose, sell, assign, or transfer to a third party the geographical area today called the "Metropolitan Region", as franchised territory in Chile by The Coca-Cola Company, for the development, production, sale and distribution of products and brands of such licensor, in accordance with the respective bottling agreement or license, renewable from time to time.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which to date is franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of such licensor; as long as these territories account for more than 40% of the Company's Adjusted Consolidated Operating Flow.

- Maintain consolidated assets free of any pledge, mortgage or other lien by an amount, less than or equal to 1.3 times the Company's unsecured consolidated current liabilities.

Unsecured consolidated current liabilities are the Company's total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily and conventionally by the Company less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under "Other Current Financial Assets" and "Other Non-current Financial Assets" of the Company's Consolidated Statement of Financial Position.

Consolidated assets are assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under "Other Current Financial Assets" and "Other Non-current Financial Assets" of the Company's Consolidated Statement of Financial Position.

Series A and C Local Bonds

As a consequence of our merger with Polar, we became an obligor under the following two bonds issued by Polar in the Chilean capital markets in 2010.

- UF 1.0 million of Series A bonds due 2017, bearing interest at a variable annual rate equal to 3.00%; and

- UF 1.5 million of Series C bonds due 2031, bearing interest at a variable annual rate equal to 4.00%.

Both series are subject to the following restrictions:

- Maintain a level of "Net Financial Indebtedness" within its quarterly financial statements that may not exceed 1.5 times, measured by figures included in the Company Consolidated Statement of Financial Position. For these purposes, net financial indebtedness level is defined as the ratio of net financial debt to total assets of the Company (equity attributable to the owners of the controllers plus non-controlling interests). Net financial debt means the difference between the Company financial debt and cash.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the Company unsecured consolidated liabilities.

  Unencumbered Assets are (a) assets that meet the following conditions: (i) they are the property of the Company , (ii) they are classified under Total Assets of the Company Financial Statement and (iii) they are free of any pledge, mortgage or other levies constituted in favor of third parties, less (b) “Other Current Financial Assets” and “Other Non-Current Financial Assets” included in the Company Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities.)

  Unsecured Total Liabilities are (a) liabilities included under Total Current Liabilities and Total Non-Current Liabilities on the Company Financial Statements which do not benefit from preferences or privileges, less (b) “Other Current Financial Assets” and “Other Non-Current Financial Assets” of the **Company** Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

- Not invest in instruments issued by related parties or carry out operations with related parties other than those related to the general purpose of the entities, in conditions that are less favorable to those of the Company in relation to those prevailing in the market.

- Maintain a “Net Financial Coverage” level greater than 3.0 times. Net financial coverage is the ratio between the Company EBITDA for the past 12 months and the Company net financial expenses (financial income less financial expenses) for the past 12 months. However, this restriction will be considered breached when the mentioned net financial coverage level is lower than the level previously indicated during two consecutive quarters.

Series C, D and E Local Bonds

During 2013 and 2014, Andina placed local bonds in the Chilean market. The issuance was structured into three series.

- UF 1.0 million of Series C Bonds due 2020, bearing an annual interest rate of 3.50%;

- UF 4.0 million of Series D Bonds due 2034, bearing an annual interest rate of 3.8%; and

- UF 3.0 million of Series E Bonds due 2035, bearing an annual interest rate of 3.75%.

The Series C, D and E local bonds are subject to the following restrictions:

- Maintain an indebtedness level where Consolidated Financial Liabilities shall not exceed Consolidated Equity by 1.20 times.

  For these purposes Consolidated Financial Liabilities means Current Liabilities bearing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the issuer’s Consolidated Statement of Financial Position.

  Consolidated Equity is total equity including non-controlling interests.

- Maintain Consolidated Assets free of any pledge, mortgage or other lien by an amount, at least equal to 1.3 times of the Issuer’s unsecured consolidated current liabilities.

"Unsecured Consolidated Current Liabilities" are the Company's total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily and conventionally by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under "Other Current Financial Assets" and "Other Non-current Financial Assets" of the Company's Consolidated Statement of Financial Position.

For purposes of determining Consolidated Assets these will consider assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law. Therefore, Consolidated Assets free of any lien, mortgage or other encumbrance shall be regarded as those assets for which no real lien, mortgage or other encumbrance has been made voluntarily and conventionally by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under "Other Current Financial Assets" and "Other Non-current Financial Assets" of the Company's Consolidated Statement of Financial Position.

- Maintain and in no way lose, sell, assign, or transfer to a third party the "Metropolitan Region", as franchised territory in Chile by The Coca-Cola Company for the production, sale and distribution of products and brands of the licensor. Losing said territory means the non-renewal, cancellation, early termination or annulment of the license agreement granted by The Coca-Cola Company for the Metropolitan Region.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of the Series C, D and E local bonds, is franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of The Coca-Cola Company; as long as these territories account for more than 40% of the Company's Adjusted Consolidated Operating Flow of the audited fiscal year immediately prior to the moment when said loss, sale, assignment or transfer occurs. For these purposes "Adjusted Consolidated Operating Flow" is the addition of the following accounting items of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Income", including revenue and cost of sales, less (ii) "Distribution Costs", less (iii) "Administrative Expenses", plus (iv) "Participation in Earnings (Losses) of Associates and Joint Ventures accounted for using the Equity Method", plus (v) "Depreciation", plus (vi) "Amortization of Intangibles".

Senior Notes due 2023 in Connection with Acquisition of Ipiranga

In October 2013, we issued US$575 million of 5.000% Senior Notes due 2023. The notes will mature on October 1, 2023. The notes are unsecured obligations that are effectively subordinated to our secured debt. The proceeds from these notes were used to finance a portion of the purchase price for our acquisition of Ipiranga and for general corporate purposes.

Repurchased Notes due 2027 and 2097

In October 1997, we issued notes in the amount of US$100 million at a rate of 7.625% due 2027 and another US$100 million at a rate of 7.875% due 2097. Through a series of repurchases between 2000 and 2009, we repurchased all of these notes through our wholly-owned subsidiary, Abisa Corp S.A. Subsequently, in December 2014, we repurchased US$200 million in outstanding bonds from Abisa Corp S.A., thereby eliminating the related bond liability.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Given the nature of the business and the support provided by The Coca-Cola Company as franchisor to its bottlers, the Company's research and development expenses are not meaningful.

D. TREND INFORMATION

Our results will likely continue to be influenced by changes in the level of consumer demand in the countries in which we operate, resulting from governmental economic measures that are or may be implemented in the future. Additionally, principal raw materials used in the production of soft drinks, such as sugar and resin, may experience price increases in the future. Such price increases may affect our results if we are unable to pass the cost increases on to the sales price of our products due to depressed consumer demand and/or heightened competition.

Increased competition from low-price brands is another factor that could limit our ability to grow, and thus negatively affect our results.

Finally, exchange rate fluctuations, in particular the potential devaluations relative to the U.S. dollar of local currencies in the countries in which we operate, may adversely affect our results because of the impact on the cost of U.S. dollar-denominated raw materials and the conversion of monetary assets.

E. OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2016, we did not have any material off-balance sheet arrangements.

F. CONTRACTUAL OBLIGATIONS

The following table sets forth our principal contractual and commercial obligations as of December 31, 2016:

	Payments Due by Period				
	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total
			(in millions of Ch$)		
Debt with financial institutions(1)	22,880	15,958	3,677		**42,515**
Bonds(1)(2)	51,386	88,617	84,730	763,159	**987,892**
Lease obligations(1)	11,508	9,946	7,342	19,695	**48,491**
Purchase obligations(1)(3)	190,795	64,985	531	159	**256,470**
Total(1)	**276,569**	**179,506**	**96,280**	**783,013**	**1,335,368**

(1) Includes interest
(2) See Note 15 to our consolidated financial statements as of December 31, 2016 and 2015 for additional information.
(3) This includes: (i) our Brazilian cogeneration contract, (ii) our services contract with Hewlett Packard and (iii) some services and raw material contacts, mainly for sugar.

The following table presents future expirations for additional long-term liabilities. These expirations have been estimated based on accounting estimates because the liabilities do not have specific dates of future payment, as allowance for severance indemnities, contingencies, and liabilities are included.

	Maturity Years			
	Total	1-3 Years	3-5 Years	More than 5 Years
		(in millions of Ch$ 2016)		
Provisions	72,399	72,399	—	—
Other long-term liabilities	8,317	523	—	7,794
Total long-term liabilities	**80,716**	**72,922**	**—**	**7,794**

G. SAFE HARBOR

See “Presentation of Financial and Certain Other Information—Forward-Looking Statements.”

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Chilean law, we are managed by a group of executive officers under the supervision of our board of directors. The Company's operations in Chile, Brazil, Argentina and Paraguay report to the Corporate Office.

Principal Officers

The following table includes information regarding our senior executives:

Name	Age	Position
Miguel Ángel Peirano	57	Chief Executive Officer
Andrés Wainer	46	Chief Financial Officer
Tomás Vedoya	39	Chief Strategic Planning Officer
Jaime Cohen	49	Chief Legal Officer
Carlos Gálvez	53	Chief Process and Information Officer
Gonzalo Muñoz	55	Chief Human Resources Officer
Fabián Castelli	51	General Manager of Embotelladora del Atlántico S.A.
Renato Barbosa	56	General Manager of Rio de Janeiro Refrescos Ltda.
José Luis Solorzano Hurtado	46	General Manager of Chilean Soft Drink Operation.
Francisco Sanfurgo	62	General Manager of Paraguay Refrescos S.A.

Mr. Peirano joined us in 2011, as Chief Executive Officer. Prior to his appointment in Andina, he was President at FEMSA Cerveza Brazil from 2009 through 2011. While at Coca-Cola FEMSA he held several positions: Vice-President from 2006-2008; Director of Operations in Argentina from 2003 through 2005; Commercial Director during 2002; Manufacturing Director in 2000 and Strategic Planning Director in 1999. He also worked as Assistant Manager at McKinsey & Company in 1999.

Mr. Wainer joined us in 1996 as a research analyst in the corporate office. In 2000, he was appointed Development Manager in EDASA and in 2001, he returned to the corporate office as Research and Development Officer. In 2006, he was appointed finance and administration manager at the Chilean operation and in November 2010, he returns to the corporate office as Chief Financial Officer.

Mr. Vedoya joined us in 2015 as Chief Strategic Planning Officer. Prior to joining Andina, he was an independent consultant from 2011 until 2014. He also held the position of Senior Consultant at Virtus Partners, from 2009 until 2011. He also worked for other companies in the hotel industry.

Mr. Cohen joined us in 2008, as Chief Legal Officer. Prior to joining Andina, he held a similar position at Socovesa S.A. from 2004. He formed part of the legal division of Citibank from 2000 to 2004. He also was an attorney at the law offices of Cruzat, Ortuzar & Mackenna and Baker & McKenzie from 1996 until 1999. He began his professional career in 1993 as lawyer at Banco de A. Edwards.

Mr. Galvez joined the Company in 2016 as Chief Information Officer. Prior to joining Coca-Cola Andina, he served for more than 17 years at British American Tobacco, during which time he held the roles of Area Head of IT Southern Cone (August 2012 to January 2016), Head of IT Colombia & Integration Manager (July 2011 to July 2012) and Regional Operations IT Manager — Americas (January 2009 to June 2011). Mr. Galvez has also worked at El Mercurio and Nestlé.

Mr. Muñoz joined the Company in 2015 as Chief Human Resources officer. Prior to Andina he worked at British American Tobacco as Human Resources Director in Mexico and Human Resources Southern Cone Director. He also held several other positions at British American Tobacco such as Finance Directors and General Manager in several Latin-American countries.

Mr. Castelli joined us in 1994, holding the position of Traditional Sales Manager in Mendoza. He is currently General Manager (since April 2014) of Andina Argentina. Previously, he was Andina Argentina Commercial

Manager (2010). Marketing Manager from 2000-2010, Commercial Planning Manager from 1997 to 2000, Marketing Services Manager between 1996 and 1997, Sales Manager Traditional Mendoza in 1994-1995.

Mr. Barbosa joined us on January 1, 2012 as general manager of our operation in Brazil. He has worked in the Coca-Cola System for 23 years, primarily as general manager of Brasal, a Coca-Cola bottling company servicing the western central part of Brazil. He also has worked for other large companies such as McDonald's and Banco do Brasil.

Mr. Solorzano joined us in 2003, where he served in various managerial positions in the commercial area, passing through the management of key accounts sales, traditional channel sales management, and management of marketing and commercial areas. In March of 2010, he has served as General Manager of Andina's Argentine operations. On April 1, 2014 assumed as General Manager of Andina Chile. Prior to his arrival at Andina, he worked as marketing manager, plant manager and business manager of Coca-Cola Polar, for five years. Before his introduction to the Coca-Cola bottler system, he worked at Malloa.

Mr. Sanfurgo joined us after the merger with Embotelladoras Coca-Cola Polar assuming the position of General Manager of Paraguay Refrescos S.A. In 1990, he joined Embotelladoras Coca-Cola Polar S.A. as General Manager of Embotelladora Austral (Punta Arenas — Chile). Since 2005 has been General Manager of Paraguay Refrescos S.A.

Board of Directors

In accordance with our current bylaws, the board of directors is composed of fourteen directors. The directors may or may not be shareholders and are elected for a term of three years subject to indefinite re-election. All members of the board of directors are completely renewed every three years by and during the General Shareholders' Meeting. Cumulative voting is permitted for the election of directors.

In the event of a vacancy, the board of directors may appoint a replacement to fill the vacancy, and the entire board of directors must be elected or re-elected at the next regularly scheduled General Shareholders' Meeting.

The majority shareholders' agreement for the election of directors is contained in the Agreement and further explained on Item 7 "Major Shareholders and Related Companies". In addition, pursuant to the terms and conditions of the deposit agreement among the Company and the Bank of New York dated as of December 14, 2000, (the "Deposit Agreement"), if no instructions are received by The Bank of New York Mellon, as depositary (the "Depositary"), it shall give a discretionary proxy to a person designated by the chairman of our board of directors with respect to the shares or other deposited securities that represent the ADRs.

As of December 31, 2016, our board of directors consisted of the following directors:

Name	Age	Date of Expiration of Current Term	Position
Juan Claro	65	2019-04-21	Chairman of the Board of Directors
Salvador Said(1)	51	2019-04-21	Vice Chairman of the Board of Directors
Eduardo Chadwick	57	2019-04-21	Director
José Antonio Garcés,	50	2019-04-21	Director
Arturo Majlis	54	2019-04-21	Director
Gonzalo Said(1)	51	2019-04-21	Director
Francisco Javier Crespo	50	2019-04-21	Director
Gonzalo Parot(2)	63	2019-04-21	Director
Georges de Bourguignon	55	2019-04-21	Director
José De Gregorio	56	2019-04-21	Director
Juan Andrés Fontaine	61	2019-04-21	Director
Susana Tonda	62	2019-04-21	Director
Enrique Rapetti	40	2019-04-21	Director
Mariano Rossi	50	2019-04-21	Director

(1) Salvador Said is first cousin of Gonzalo Said.
(2) Independent from controlling shareholder pursuant to Article 50 bis, paragraph 6 of the Chilean Public Company Law N° 18,046.

Mr. Claro has been a member of our board of directors since April 2004. His principal occupation is as an entrepreneur. He also serves as a director in the following organizations: Chairman of Embotelladora Andina, Energía Covanco and Energía Llaima; director of Entel, Antofagasta Minerals, Antofagasta Plc, Pesquera Friosur, Melon S.A and Agrosuper.

Mr. Chadwick has been a member of our board of directors since June 2012. His principal occupation is as an entrepreneur. He also serves as a director in the following organizations: Viña Errazuriz, Empresas Penta, MaltexcoS.A., Ebema, Vinos de Chile and Banco Penta.

Mr. Majlis has been a member of our board of directors since April 1997. His principal occupation is as a principal partner of the law offices of Grasty, Quintana, Majlis y Compañía. He also serves as a director in the following organizations: Asesorías e Inversiones Til Til S.A.; Asesorías e Inversiones MJS Ltda., Banchile Seguros de Vida, Seguros Orion, Mathiesen Group, Laboratorio Maver, Fundación Convivir, Fundación Puerto de Ideas and Orion Seguros Generales.

Mr. Garcés has been a member of our board of directors since April 1992. His principal occupation is as general manager of Inversiones San Andrés Ltda. He also serves as director in the following organizations: Banco Consorcio, Banvida S.A.; Inmobiliaria FFV S.A., Fundación Paternitas, Viña Montes, Viña Garcés Silva Ltda., and Chairman of USEC.

Mr. Gonzalo Said has been a member of our board of directors since April 1993. His principal occupation is as an entrepreneur. He also serves as director in the following organizations: Banco BBVA, Director Newport Ltda. (Grupo Said Handal), Member of the "Circle of Finance" of ICARE, and participates in the Board of Universidad Finnis Terrae and is the Chairman of Fundación Generación Empresarial.

Mr. Salvador Said has been a member of our board of directors since April 1992. His principal occupation is as Director of Said Holding Group. He also serves as director in the following organizations: Chairman of Endeavor Chile and of Bupa Chile S.A. Board member of Parque Arauco S.A., Edelpa S.A., BBVA Chile and Envases CMF S.A. Counselor in CEP (*Centro de Estudios Públicos*) and in Generación Empresarial.

Mr. Crespo has been member of our board of directors since April 2013. His principal occupation is as President of Coca Cola Mexico.

Mr. Parot has been a member of our board of directors since April 2009. His principal occupation is as an engineer and economist. He is Principal Partner and CEO at Elex Consulting Group. He also serves as Director in Inmobiliaria Elex.

Mr. de Bourguignon has been member of our board of directors since April 2016. His principal occupation is as economist. He is the founder and executive director of Asset. He also serves as director in the following companies: Sal Lobos, a Chilean subsidiary of the German group K+S, and Latam Airlines Group.

Mr. De Gregorio has been a member of our board of directors since June 2012. His principal occupations are Professor of Economics at Universidad de Chile and non-resident Senior Fellow at the Petersen Institute for International Economics. He also serves as director in the following corporations: Compañía Sudamericana de Vapores; Intervial S.A., Euroamerica S.A. and Ruta del Maipo S.A.

Mr. Fontaine has been a member of our board of directors since June 2012. His principal occupation is as a consultant. He also serves as director in the following organizations: Bolsa de Comercio de Santiago (Santiago Stock Exchange), Administradora de Inversiones La Construcción S.A., Sigdo Koppers. Advisor of Libertad y Desarrollo.

Mrs. Tonda has been a member of our board of directors since April 2016. Her principal occupation is as business administrator. She is the executive director of the Center for Corporate Governance of the Pontificia Universidad Católica de Chile. She also serves as director at Banco BBVA Chile.

Mr. Rapetti has been a member of our board of directors since September 2016. His principal occupation is as certified public accountant. He does not serve as director in any other organizations.

Mr. Rossi has been a member of our board of directors since June 2012. His principal occupation is as a consultant. He does not serve as director in any other organizations.

B. COMPENSATION

Compensation of Principal Officers

In the case of our principal officers, the compensation plans are composed of a fixed remuneration and a performance bonus, which try to adapt to the reality and competitive conditions in each market, and whose amounts vary according to the position or exercised responsibility. Such performance bonuses are payable only to the extent that personal goals of each principal officer and company goals are met, which are previously defined for each case in particular.

For the period ended December 31, 2016 the amount of fixed compensations paid to Coca-Cola Andina's principal officers amounted to ThCh$3,962 (ThCh$4,129 in 2015). Likewise, the amount of compensation paid in performance bonuses amounted to ThCh$2,461 (ThCh$2,295 in 2015).

During the period ended December 31, 2016 severance payments to managers and principal officers of Embotelladora Andina S.A. were Ch$463 million. During the period ended December 31, 2015 severance payments to managers and principal officers of Embotelladora Andina S.A. were Ch$193 million.

We do not make available to the public information as to the compensation of our executive officers on an individual basis, as disclosure of such information is not required under Chilean law.

Compensation of Directors

Directors receive an annual fee for attendance to meetings of the board of directors and committees. The amounts paid to each director for attendance at board meetings varies in accordance with the position held and the period of time during which such position is held. Total compensation paid to each director during 2016, which was approved by our shareholders, was as follows:

2016	Directors' Compensation ThCh$	Executive Committee ThCh$	Directors'' and Audit (SOX) Committee ThCh$	Total ThCh$
Juan Claro González	144,000			144,000
Arturo Majlis Albala	72,000	72,000	24,000	168,000
Gonzalo Said Handal	72,000	72,000		144,000
José Antonio Garcés Silva	72,000	72,000		144,000
Salvador Said Somavía	72,000	72,000	24,000	168,000
Eduardo Chadwick Claro	72,000	72,000		144,000
Gonzalo Parot Palma (Ind)	72,000		24,000	96,000
Francisco Crespo	72,000			72,000
César Emilio Rodríguez Larraín Salinas	18,087			18,087
José Fernando De Gregorio Rebeco	72,000			72,000
Juan Andrés Fontaine Talavera	72,000			72,000
Franz Alscher	48,000			48,000
Ricardo Vontobel	12,000			12,000
Mariano Rossi	72,000			72,000
Susana Tonda Mitri	50,000			50,000
Georges de Bourguignon	50,000			50,000
Enrique Rapetti	18,000			18,000
Totals Gross	**1,060,087**	**360,000**	**72,000**	**1,492,087**

For the year that ended on December 31, 2016, the aggregate amount of compensation we paid to all directors and executive officers as a group was Ch$7,915 million of which Ch$6,423 million was paid to our executive officers. We do not disclose to our shareholders or otherwise make available to the public information as to the compensation of our executive officers on an individual basis. We do not maintain any pension or retirement programs for our directors or executive officers. See "—Employees."

C. BOARD PRACTICES

Our board of directors has regularly scheduled meetings at least once a month, and extraordinary meetings are convened when called by the chairman or when requested by one or more directors. The quorum for a meeting of the board of directors is established by the presence of an absolute majority of its directors. Directors serve terms of three years from the date they are elected. Resolutions are passed by the affirmative vote of an absolute majority of those directors present at the meeting, with the chairman determining the outcome of any tie vote.

Benefits upon Termination of Employment

There are no contracts providing for benefits to directors upon termination of employment.

Executive Committee

Our board of directors is counseled by an Executive Committee that proposes Company policies and is currently comprised by the following Directors: Mr. Eduardo Chadwick Claro, Mr. Arturo Majlis Albala, Mr. José Antonio Garcés Silva (junior), Mr. Gonzalo Said Handal, and Mr. Salvador Said Somavía, who were elected during ordinary Board Session N°1,122 held on April 26, 2016. The Executive Committee is also comprised by the

Chairman of the Board, Mr. Juan Claro González and by our chief executive officer who participate by their own rights. This committee meets permanently throughout the year and normally holds one or two monthly sessions.

Directors' Committee

Pursuant to Article 50 bis of Chilean Company Law N°18,046 and in accordance to the dispositions of Circular N°1956 and Circular N°560 of the Chilean Superintendence of Securities and Insurance, a new Directors' Committee was elected during Board Session held April 26, 2016, applying the same election criteria set forth by Circular N°1956. Mr. Gonzalo Parot Palma (as Committee Chairman and as Independent Director), Mr. Arturo Majlis Albala and Mr. Salvador Said Somavía comprise the Committee.

The duties performed by this Committee during 2016, following the same categorization of faculties and responsibilities established by Article 50 bis of Company Law N°18,046 of the Chilean Superintendence of Securities and Insurance, were the following:

- Examined the reports of external auditors, the balance sheets and other financial statements, presented by the administrators of the Company to the shareholders, and took a position on such reports before they were presented to shareholders for their approval.
- Proposed External Auditors and Private Rating Agencies to the Board of Directors, which were proposed to the respective Shareholders' Meeting.
- Examined information regarding the operations referred to by Title XVI of Law N°18,046 and reported on these operations. For detailed information regarding these operations, please refer to the Notes to the Consolidated Financial Statements included in this Annual Report.
- Examined the salary systems and compensation plans of the Company's managers, principal officers and employees.
- Reviewed and approved the Company's 20F and verified Management compliance with Rule 404 of the Sarbanes Oxley Act (which states that Management must assess Company internal controls on a yearly basis).
- Reviewed Anonymous Reports.
- Reviewed Internal Audit Reports.
- Prepared the budget proposal for the Committee's operation.
- Periodically interviewed the Company's External Auditors.
- Reviewed the budget for Related Company Operations (production Joint Ventures).
- Reviewed Free Competition Compliance Program.
- Reviewed the Internal Control Model.
- Analyzed and Internal Audit Certification processes.
- Reviewed and approved Press Releases issued by the Company.
- Reviewed the Company's four Operations' Internal Control Standards, including Critical Risks in Accounting Processes, Compliance of Corporate Policies, Tax Contingencies and status of Internal and External Audit Observations.
- Analyzed Management and Risk Control Model.
- Reviewed progress on the implementation of Information Systems.
- Reviewed the terms and conditions of our Corporate Insurance policies.
- Reviewed judicial contingencies in the Company's four Operations.
- Reviewed Dissemination Programs for Corporate Codes and Policies.
- Reviewed the Company's relevant tax risks.
- Prepared the Annual Management Report

During 2016, the Directors' Committee incurred expenses of Ch$117 million. Said expenses were related to consultancies on free competition and legal matters, among others.

Sarbanes-Oxley Audit Committee

In accordance with NYSE and SEC requirements regarding compliance with the Sarbanes-Oxley Act, the board of directors established the first Audit Committee on July 26, 2005. The members of the Audit Committee are designated by the Board, and serve until such member's successor is duly designated or until such member's earlier resignation or removal. Any member of the Audit Committee may be removed, with or without cause, by a majority vote of the Board. During Board Session Nº 1,122 dated April 26, 2016, Mr. Gonzalo Parot Palma, Mr. Arturo Majlis Albala, and Mr. Salvador Said Somavía were elected as members of our Audit Committee. It was determined that Mr. Gonzalo Parot Palma complied with the independence standards set forth in the Sarbanes-Oxley Act, SEC and NYSE regulations. Also, Mr. Parot has been appointed by the Board of Directors as the financial expert in accordance with the definitions of the listing standards of the NYSE and the Sarbanes-Oxley Act.

The resolutions, agreements and organization of the Audit Committee are governed by the rules relating to Board Meetings and to the Company's Directors' Committee. Since its creation, the sessions of the Audit Committee have been held with the Directors' Committee, since some of the functions are very similar and the members of both of these Committees are the same.

The Audit Committee Charter that is available on our website: www.koandina.com, defines the duties and responsibilities of this Committee. The Audit Committee is responsible for analyzing the Company's financial statements; supporting the financial supervision and rendering of accounts; ensuring management's development of reliable internal controls; ensuring compliance by the audit department and external auditors of their respective roles; and reviewing auditing practices.

For the period ended December 31, 2016, the Audit Committee did not incur any expenses.

Ethics Committee

The Ethics Committee was established during the Board of Directors session held January 28, 2014. This Committee is composed by three directors, who are appointed by the Board of Directors and will occupy their posts until their successors are elected, or until resignation or dismissal. The current members of the Ethics Committee are the directors Mr. José Antonio Garcés Silva (Chairman), Mr. Juan Claro González and Mrs. Susana Tonda Mitri.

D. EMPLOYEES

Overview

On December 31, 2016, we had 16,296 employees, including 3,523 in Chile, 7,918 (7,568 own and 350 outsourced) in Brazil, and 3,328 in Argentina and 1,527 in Paraguay. Of these employees, 552 were temporary employees in Chile, 488 were temporary employees in Argentina, and 126 were temporary employees in Paraguay. During the South American Summer, it is customary for us to increase the number of employees in order to meet peak demand.

On December 31, 2016, 1,858; 232; 2,270 and 374 of our employees in Chile, Brazil, Argentina and Paraguay, respectively, were members of unions.

The following table represents a breakdown of our employees for the years ended December 31, 2015, and 2016:

	2015											
	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	69	0	56	63	0	63	106	0	106	33	0	33
Technicians and professionals	1,008	411	611	5,705	535	5,170	712	10	702	250	29	221
Workers	1,608	726	559	2,271	70	2,201	2,050	1,884	166	1,084	287	797
Temporary Workers	417	0	289	0	0	0	501	435	66	152	0	152
Total	3,102	1,137	1,515	8,039	605	7,434	3,369	2,329	1,040	1,519	316	1,203

	2016											
	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	88	0	88	61	0	61	103	0	103	32	0	32
Technicians and professionals	578	62	516	5,348	215	5,133	726	10	716	287	36	251
Workers	2,207	1,789	418	2,509	17	2,492	2,012	1,850	162	1,082	338	744
Temporary Workers	650	7	643	0	0	0	487	410	77	126	0	126
Total	3,523	1,858	1,665	7,918	232	7,686	3,328	2,270	1,058	1,527	374	1,153

Management believes that is has good relations with its employees.

Chile

In Chile, we continue to make provisions for severance indemnities in accordance with our collective bargaining agreements and labor legislations, in the amount of one month's salary for every year of employment subject to certain restrictions. In addition, we complement our employees' contribution to our health insurance system, thus decreasing health costs for the employees' families. Employees are required to contribute funds for financing pension funds, which are mainly managed by private entities.

In Chile, 53.14% of employees with indefinite work contracts are members of labor unions. The following collective bargaining agreements are in effect as of December 31, 2016 in the city of Santiago:

(i) with Labor Union N° 1, that mainly represents workers from the bottling area, from December 1, 2015 to November 30, 2018;
(ii) with Labor Union N°2, that mainly represents personnel from the areas of management, logistics and operations specialists from June 1, 2015 to June 1, 2018;
(iii) with Labor Union N°3 that mainly represents sales force employees from May 1, 2014 to April 30, 2018;
(iv) Collective contract with Workers Union N°3 of new salesforce from May 2016 to April 30, 2019 ;
(v) Agreement with sales force negotiating group in force since June 1, 2016 through May 31, 2019;
(vi) Collective Contract with Labor Union TAR, that represents workers from the distribution area from July 1, 2016 to June 30, 2019; and collective agreement with the *picking* area workers from the Venecia, Renca and Carlos Valdovinos branches, from March 1st 2011, to February 28, 2015, and
(vii) Collective contract with a group of workers in the area of operations of the new plant Renca, effective as from July 1, 2015, until June 30, 2018.

The agreements in force as of December 31, 2016 in Coquimbo are:

(i) Workers Union N°1 Agreement, formed mainly by workers from the production area, in force since March 1, 2016 through February 28, 2020;
(ii) National Workers Union N°1 Agreement, which represents a part of the Administrative Employees and salesman, in force since January 1, 2014 through November 30, 2016;
(iii) Collective Agreement formed mainly by Administrative Employees which is in force since September 1, 2016 through August 31, 2019;
(iv) Transportation Collective Agreement, in force since November 1, 2016 through April 30, 2019. The collective agreements in force as of December 31, 2015 in Antofagasta
(v) Collective agreement with Workers Union N°1 formed mainly by workers form the production area, in force since May 1 2014 through April 30, 2017;
(vi) Collective agreement with Workers Union N°2, form by personnel from different areas, in force

since December 1, 2016 through November 30, 2019;

(vii) collective agreement with the salesmen negotiating group, in force since December 1, 2016 through November 30, 2019;

(viii) Collective agreement with transportation workers from the base zone, in force since May 4, 2014 through May 4, 2017, and

(ix) Collective agreement with transportation workers from Calama, in force since October 1, 2013 through September 30, 2016.

Finally, the collective agreements in force as of December 31, 2016 in Punta Arenas are:

(i) Collective agreement with the workers union in Punta Arenas, which mainly represents workers from the Production Area, in force since August 1, 2016, through July 31, 2019; and

(ii) Collective Agreement with InterAreas personnel, in force since February 1, 2014 through December 31, 2016.

Brazil

In Brazil, 3.1% of own employees are members of labor unions. Collective bargaining agreements are negotiated on an industry-wide basis, although companies can negotiate special terms for their affiliates that apply to all employees in each jurisdiction where companies have a plant. Collective bargaining agreements are generally binding for one year.

With respect to Andina Brazil, there are twenty four collective bargaining agreements currently in force.

Twelve agreements for employees in the State of Rio de Janeiro;

(i) the Soft Drink Industry Employees' Union agreement from July 1, 2016 to June 30, 2017;

(ii) the Sales Force Union agreement from May 1, 2016 to April 30, 2017;

(iii) The Sales Force II Union agreement from August 1, 2016 to July 31, 2017;

(iv) the "Forklift " Operator Union agreement from May 1, 2016 to April 30, 2017;

(v) the "Forklift " II Operator Union agreement from August 1, 2016 to July 31, 2017;

(vi) the Driver and Helper of the Lagos Region Union agreement from May 1, 2016 through April 30, 2017;

(vii) the Driver and Helper of the Lagos Region II Union agreement from May 1, 2016 through April 30, 2017;

(viii) Collective bargaining agreement executed with the Drivers and Nova Iguaçu Helpers effective from May 1, 2016 until April 30, 2017;

(ix) Agreement with the Drivers and Helpers Workers' Union of Sao Goncalo in force since May 1, 2016 through April 30, 2017;

(x) Agreement with the Drivers and Helpers Workers' Union of Rio de Janeiro in force since May 1, 2016 through April 30, 2017;

(xi) Agreement with the Drivers and Helpers Workers' Union of Campos in force since May 1, 2016 through April 30, 2017; and

(xii) Agreement with the Drivers and Helpers Workers' Union of Itaperuna in force since May 1, 2016 through April 30, 2017.

Three agreements for employees in the State of Espírito Santo:

(i) the Sales Force Union agreement from May 1, 2016 to April 30, 2017;

(ii) Agreement with the Drivers and Helpers Workers' Union of the State of Espírito Santo in force since May 1, 2016 through April 30, 2017; and

(iii) the Trade Employees Union agreement from November 1, 2016 to October 31 2017.

Nine agreements with employees from the State of São Paulo:

(i) Workers Union for the Beverage Industry of Ribeirão Preto since October 1, 2016 through September 1, 2017;
(ii) Agreement with the Trade Workers Union for the region of Araraquara since October 1, 2016 through September 1, 2017;
(iii) Agreement with the Trade Workers Union for the region of Franca since October 1, 2016 through September 1, 2017;
(iv) Agreement with the Transportation Workers Union for the regions of Ribeirão Preto since May 1, 2016 through April 30, 2017;
(v) Agreement with the Transportation Workers Union for the regions of Franca since May 1, 2016 through April 30, 2017;
(vi) Agreement with the Transportation Workers Union for the regions of Araquara since May 1, 2016 through April 30, 2017;
(vii) Agreement with the Transportation Workers Union for the regions of Mococa since May 1, 2016 through April 30, 2017;
(viii) Agreement with the Salesmen Union of the State of São Paulo since July 1, 2016 through June 30, 2017; and
(ix) Agreement with the Security Technicians Union for the region of Ribeirão Preto, Franca, Araraquara and Mococa since May 1, 2016 through April 30, 2017.

These agreements do not require us to increase wages on a collective basis. Selected increases were granted, however, according to inflation. We provide benefits to our employees according to the relevant legislation and to the collective bargaining agreements. Andina Brazil experienced its most recent work stoppages in December 2014, for three days organized by the drivers of internal buses in the Espirito Santo operation. However, as this operation no longer uses internal buses, such work stoppages are not expected to recur in the future.

Argentina

In Argentina, 68% of EDASA's employees are parties to collective bargaining agreements and are represented by local workers' unions associated with a national federation of unions. The Argentine Chamber of Non-Alcoholic Beverages of the Argentine Republic (*Cámara Argentina de Industria de Bebidas sin Alcohol de la República Argentina* (the "Chamber") and the Argentine Workers Federation of Carbonated Water (*Federación Argentina de Trabajadores de Aguas Gaseosas)* (the "Federation") are parties to a collective bargaining agreement that began July 29, 2008. On November 30, 2016, the Chamber and the Federation entered into a new collective bargaining agreement establishing new salaries, new non salary benefits and a new complementary regulation on company contributions.

Argentine law requires severance payments upon dismissal without cause in an amount at least equal to an average of one-month's wages for each year of employment or a fraction thereof if employed longer than three months. Severance payments are subject to maximum and minimum amounts fixed by legislations and jurisprudence of the Justice Supreme Court of Argentina.

All employee contributions are made to the state social security system. Most of the health system in the Argentine territory is run by the unions through contributions from employees within the Collective Work Agreements (CCT — *Convenios Colectivos de Trabajo*).

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Paraguay

In Paraguay, 35.7% of PARESA's employees are members of labor unions. Collective bargaining agreements are negotiated with the company (Coca-Cola Paresa Paraguay). Unions can negotiate special terms for their members, which are applicable to all employees. Collective bargaining agreements generally have a two year term of duration.

The collective bargaining agreements that are currently in force are: (1) Collective bargaining agreement executed with the Authentic Workers' Union of Paraguay Refrescos effective from June 16, 2015 to June 15, 2017; (2) Workers' Union of Paraguay Refrescos effective from April 10, 2015 to September 10, 2016 (beginning negotiations); and (3) Employees' Union of Paraguay Refrescos effective from June 2016 to June 2018.

E. SHARE OWNERSHIP

The following table sets forth the amount and percentage of our shares beneficially owned by our directors, members of the Directors' Committee and senior executives as of December 31, 2016.

	Series A						Series B					
	Beneficial Owner	% Class	Direct Owner	% Class	Indirect Owner	% Class	Beneficial Owner	% Class	Direct Owner	% Class	Indirect Owner	% Class
Shareholder												
José Antonio Garcés Silva	—	—	—	—	52,987,375	11.19	—	—	—	—	25,728,183	5.43
Arturo Majlis Albala	—	—	—	—	2,150	0.0006	—	—	5,220	0.0014	—	—
Salvador Said Somavía	—	—	—	—	52,987,375	11.19	—	—	—	—	49,700,463	10.50
Gonzalo Said Handal	—	—	—	—	52,987,375	11.19	11,761,462	3.094	—	—	37,914,463	8.018
Eduardo Chadwick Claro					52,987,375	11.19					52,989,382	11.19

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth certain information concerning beneficial ownership of our capital stock with respect to the principal shareholders known to us who maintain at least a 5% beneficial ownership in our shares and with respect to all of our directors and executive officers as a group as of December 31, 2016:

As of December 31, 2016, approximately 85.8% of our Series A shares and 80.3% of our Series B shares are held in Chile. It is not practicable for us to determine the number of record holders in Chile**.**

	Series A		Series B	
Shareholder	**Shares**	**% Class**	**Shares**	**% Class**
Controlling shareholders(1)	263,718,485	55.7	207,253,769	43.8
The Bank of New York Mellon(2)	8,843,436	1.9	44,712,342	9.4
The Coca-Cola Company, directly or through subsidiaries	69,348,241	14.7	69,348,241	14.7
AFPs as a group (Chilean pension funds)	29,018,588	6.1	11,428,014	2.4
Principal foreign funds as a group	67,262,211	14.2	93,557,657	19.7
Executive officers as a group	0	0	0	0
Directors as a group(3)	212,147,110	44.8	166,526,094	35.2

(1) Our controlling shareholders are: Inversiones SH Seis Limitada, Inversiones Cabildo SpA, Inversiones Lleuque Limitada, (legal successor of Inversiones Chucao Limitada) Inversiones Nueva Delta S.A., Inversiones Alerce Limitada, Inversiones Nueva Delta Dos S.A., Inversiones Las Gaviotas Dos Limitada, Inversiones Playa Negra Dos Limitada today known as Inversiones Negra SpA, Inversiones Don Alfonso Dos Limitada, today known as Don Alfonso Limitada, Inversiones El Campanario Dos Limitada, today known as Inversiones El Campanario Limitada, Inversiones Los Robles Dos Limitada, today known as Inversiones Los Robles Limitada and Inversiones Las Viñas Dos Limitada, today known as Inversiones Las Niñas Dos SpA.; the estate of Jaime Said Demaría; José Said Saffie; José Antonio Garcés Silva and Alberto Hurtado Fuenzalida.

(2) Acting as Depositary for ADRs.

(3) Represents shares held directly and indirectly by Mr. Gonzalo Said Handal, Mr. José Antonio Garcés Silva (junior), Mr. Salvador Said Somavía, Mr. Eduardo Chadwick Claro and Mr. Arturo Majlis Albala.

Our controlling shareholders act pursuant to a shareholders' agreement that establishes that this group will exercise joint control in order to ensure a majority vote at shareholders' meetings and board sessions. Our controlling shareholders pass resolutions with the approval of at least four of the five parties, except with respect to the following matters, which require a unanimous decision:

- the carrying out of new business activities different from our current line of business (unless related to "ready to drink products" or Coca Cola products);
- the amendment of the number of our directors;
- issuances of new shares;
- spin-offs or mergers;
- capital increases (subject to certain indebtedness thresholds); and
- the joint acquisition of our Series A shares

In connection with The Coca-Cola Company's investment in us, The Coca-Cola Company and our controlling shareholders entered into a Shareholders' Agreement dated September 5, 1996, as amended (the "Amended and Restated Shareholders Agreement or Shareholders' Agreement"-incorporated as Exhibit to the Form 20-F), providing for certain restrictions on the transfer of shares of our capital stock by the Coca-Cola Shareholders and our controlling shareholders. Specifically, our controlling shareholders are restricted from transferring its Series A shares without the prior authorization of The Coca-Cola Company. The Shareholders' Agreement also provides for certain corporate governance matters, including the right of the Coca-Cola shareholders to elect two members of our board of directors so long as The Coca-Cola Company and its subsidiaries collectively own, in aggregate, certain percentage of the Series A shares. In addition, in related agreements, our controlling shareholders granted The Coca-Cola Company an option, exercisable upon the occurrence of certain changes in the beneficial ownership of the Controlling Group, to acquire 100% of the Series A shares held by our controlling shareholders at a price and in accordance with procedures established in such agreements.

B. RELATED PARTY TRANSACTIONS

In the ordinary course of our business, we engage in a variety of transactions with certain of our affiliates and related parties. Financial information concerning these transactions is set forth in Note 11.3 to our Consolidated Financial Statements and were carried out under the following conditions: (i) they were previously approved by the Company's Board of Directors, with the abstention of the director involved in the corresponding case; (ii) the purpose of these transactions was to contribute to the Company's interest; and (iii) they were consistent with prevailing market price, terms and conditions at the time of their approval. Our Directors' Committee is charged with evaluating transactions with related parties and to report on these transactions to the full board of directors. See "Item 6. Directors, Senior Management and Employees—Directors' Committee."

Our management believes, to the best of its knowledge, that it has complied in all material respects with the Chilean Public Company law regarding to the transactions with related parties in effect at December 31, 2016. There can be no assurance, however, that these regulations will not be modified in the future.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See "Item 18. —Financial Statements" for our Consolidated Financial Statements filed as part of this annual report.

Contingencies

We are party to certain legal proceedings that have arisen during the normal course of business, and we believe none of them are likely to have a material adverse effect on our financial condition. In accordance with accounting principles, the provisions regarding legal proceedings must be recorded if said procedures are reasonably probable to be resolved against the Company.

The following table represents accounting provisions made as of December 31, 2014, 2015 and 2016, for potential loss contingencies stemming from labor, tax, commercial and other litigation faced by our Company:

	For the year ended December 31,	
	2015	2016
	Million Ch$	
Chile	263	623
Brazil	62,571	71.116
Argentina	1,468	1,283
Paraguay	—	60
Total	**64,302**	**73,082**

Dividend Policy

The declaration and payment of dividends are determined, subject to the limitations set forth below, by the affirmative vote of a majority of our shareholders at a general shareholders' meeting, based upon the recommendation of our board of directors.

At our annual ordinary shareholders' meeting, our board of directors submits our annual financial statements for the preceding fiscal year together with reports prepared by our Audit Committee for approval by our shareholders. Once our shareholders have approved our annual financial statements, they determine the allocation of our net income, after provision for income taxes and legal reserves for the preceding year and taking into account the accumulation of losses from prior periods. All shares of our capital stock outstanding at the time a dividend or other distribution is declared are entitled to share equally in that dividend or other distribution, except that holders of our Series B shares are entitled to a dividend 10% greater than any dividend on Series A shares.

Pursuant to Chilean law, we must distribute cash dividends equal to at least 30% of our annual net income, calculated in accordance with IFRS. If we do not record any net income in a given year, we are not legally required to distribute dividends from accumulated earnings. At the General Shareholders' Meeting held in April of 2016, our shareholders authorized our board of directors to distribute, at its discretion, interim dividends during 2016 and 2017.

During 2014, 2015 and 2016, our respective General Shareholders' Meetings approved additional dividend payments to be paid from retained earnings, given our significant cash generation. These additional dividend payments for 2014, 2015 and 2016 are not indicative of whether or not additional dividend payments will be made in any future period.

The following table sets forth the amount in Chilean pesos of dividends declared and paid per share each year and the U.S. dollar amounts paid to shareholders (each ADR represents six shares), on each of the respective payment dates:

Dividend Approval Date	Dividend payment Date	Fiscal year with respect to which dividend was declared	Aggregate Amount of Dividends Declared and Paid (Ch$ millions)	Series A Ch$ per share	Series A US$ per share	Series B Ch$ per share	Series B US$ per share
12-22-2016	01-26-2017	2016	18,884	19.00	0.02931	20.90	0.03224
09-27-2016	10-27-2016	2016	16,896	17.00	0.02601	18.70	0.02861
04-21-2016	08-27-2016	Accumulated earnings	16,896	17.00	0.02564	18.70	0.02821
04-21-2016	05-27-2016	2015	16,896	17.00	0.02473	18.70	0.02721
12-22-15	01-28-16	2015	16,896	17.00	0.02374	18.70	0.02611
09-29-15	10-29-15	2015	14,908	15.00	0.02182	16.50	0.02400
04-22-15	08-28-15	Accumulated earnings	14,908	15.00	0.02144	16.50	0.02358
04-22-15	05-29-15	2014	14,908	15.00	0.02429	16.50	0.02673
12-18-14	01-29-15	2014	8,945	9.00	0.01446	9.90	0.01590
09-30-14	10-29-14	2014	13,020	13.10	0.02252	14.41	0.02478
04-21-14	08-20-14	Accumulated earnings	12,295	12.37	0.02138	13.607	0.02352
04-21-14	05-16-14	Accumulated earnings	12,295	12.37	0.02234	13.607	0.02458
04-21-14	05-16-14	2013	1,451	1.46	0.00264	1.606	0.00290
12-18-14	01-29-15	2014	8,945	9.0	0.01446	9.9	0.01591
12-17-13	01-23-14	2013	13,020	13.1	0.02407	14.41	0.02648
04-24-13	11-15-13	Accumulated earnings	46,713	47.0	0.09023	51.7	0.09925
05-28-13	06-26-13	2013	12,225	12.3	0.02419	13.53	0.02660
04-25-13	05-20-13	Accumulated earnings	12,225	12.3	0.02581	13.53	0.02814
11-20-12	12-27-12	2012	24,331	24.48	0.05110	26.930	0.05621
10-02-12	10-30-12	2012	12,165	12.24	0.02550	13.460	0.02805
02-27-12	05-31-12	Accumulated earnings	19,398	24.3	0.04692	26.730	0.05161
04-27-12	05-11-12	2011	8,757	10.97	0.02256	12.067	0.02481
04-27-11	07-26-11	Accumulated earnings	39,914	50.0	0.10811	55.000	0.11892

B. SIGNIFICANT CHANGES

We are not aware of any changes bearing upon our financial condition since the date of the financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Shares of our common stock trade in Chile on the *Bolsa de Comercio de Santiago*, the *Bolsa de Valores Electrónica* and the *Bolsa de Valores de Valparaíso*. Also, shares of our common stock have traded in the United States on the New York Stock Exchange (“NYSE”) since July 14, 1994 in the form of ADRs, which represent six shares of common stock. The Depositary for the ADRs is The Bank of New York Mellon.

The table below shows the high and low daily closing prices of the common stock in Chilean pesos and the trading volume of the common stock on the Santiago Stock Exchange for the periods indicated. It also shows the high and low daily closing prices of the ADRs and the volume traded in the NYSE.

	Share Volume (in thousands)		Ch$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
2010	15,196	110,049	2,072	1,282	2,501	1,621
2011	38,416	79,599	2,120	1,600	2,521	1,780
2012	45,877	123,437	2,550	1,847	3,155	2,220
2013	41,873	79,618	2,622	1,847	3,350	2,310
2014	54,263	113,622	1,890	1,400	2,525	1,705
2015						
1st Quarter	10,104	22,584	1,500	1,350	1,829	1,550
2nd Quarter	11,388	47,093	1,680	1,300	2,180	1,585
3rd Quarter	10,044	33,332	2,200	1,510	2,800	1,800
4th Quarter	11,837	23,200	2,200	1,830	2,710	1,970
2016						
1st Quarter	10,071	24,869	1,970	1,600	2,240	1,750
2nd Quarter	10,462	19,524	2,150	1,900	2,398	2,085
3rd Quarter	4,564	19,223	2,500	2,100	2,720	2,300
4th Quarter	8,517	17,320	2,451	2,228	2,741	2,300
Last six months						
Oct-16	2,784	5,758	2,450	2,300	2,700	2,410
Nov-16	2,241	6,539	2,451	2,300	2,741	2,401
Dec-16	3,491	5,023	2,400	2,228	2,615	2,300
Jan-17	2,091	4,618	2,300	2,250	2,610	2,304
Feb-17	1,590	5,085	2,290	2,100	2,542	2,301
Mar-17	2,399	8,332	2,550	2,225	2,736	2,420

	ADR Volume (in thousands)		US$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
2010	2,076	7,140	28.83	15.04	31.40	18.68
2011	911	5,089	26.25	15.04	31.41	21.00
2012	1,276	6,030	33	21	40	26
2013	1,351	4,930	34.07	15.04	42.23	26.51
2014	1,515	10,013	21.50	15.04	28.25	16.82
2015						
1st Quarter	237	1,861	15.00	12.14	17.77	14.87
2nd Quarter	150	4,716	16.48	12.56	21.46	15.32
3rd Quarter	221	2,718	18.68	13.18	23.74	16.35
4th Quarter	199	2,606	19.20	15.14	24.01	16.56
2016						
1st Quarter	365	2,470	17.49	14.17	19.82	14.21
2nd Quarter	445	1,242	19.55	16.69	21.33	18.36
3rd Quarter	279	1,319	21.98	19.31	24.64	20.82
4th Quarter	524	961	22.91	20.15	25.07	21.12
Last six months						
Oct-16	386	221	22.85	20.77	25.07	22.62
Nov-16	109	428	22.91	20.15	24.53	21.75
Dec-16	30	313	21.89	20.19	23.29	21.12
Jan-11	30	277	21.00	19.92	23.64	21.47
Feb-17	30	445	21.02	19.74	23.71	21.39
Mar-17	152	426	23.14	20.34	24.98	22.80

Source: Bloomberg

The total number of registered ADR holders we had at December 2016 was 22 (15 in the Series A ADRs and 7 in the Series B ADRs). As of this date the ADRs represented 5.66% of the total number of our issued and outstanding shares. On December 31, 2016, the closing price for the Series A shares on the Santiago Stock Exchange was Ch$2,289 per share (US$20.53 per Series A ADR), and Ch$2,491 for the Series B shares (US$22.47 per Series B ADR). At December 31, 2016, there were 1,473,906 Series A ADRs (equivalent to 8,843,436 Series A shares) and 7,425,057 Series B ADRs (equivalent to 44,712,342 Series B shares).

Trading activity on the Santiago Stock Exchange is on average substantially less than that on the principal national securities exchanges in the United States. We estimate that for the year ended December 31, 2016, Andina's shares were traded on the Santiago Stock Exchange on an average of approximately 77% and 100% of such trading days, for Series A and Series B shares respectively.

Other than as previously discussed in "Item 7-Major Shareholders" we are not aware of any other existing contracts or documents that impose material limitations or qualifications on the rights of shareholders of our listed securities.

Debt Securities

The Central Bank is responsible, *inter alia*, for Chile's monetary policies and exchange controls. The Central Bank has authorized Chilean issuers to offer bonds in Chile and abroad under the terms of Chapter XIV of the Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales* or CFER). The following paragraphs summarize some of the Central Bank rules on international bond issuances. This summary does not intend to be complete and those interested in a full description should refer to Chapter XIV of the CFER.

Effective April 19, 2001 the CFER greatly simplified the procedure to register capital contributions, investments and foreign loans, including bonds issuances. Payments or remittances of funds, to or from Chile, in connection with credits granted abroad should be made through the Formal Exchange Market, which is composed by the main commercial banks that operate in Chile. When foreign currency resulting from loans or bonds is made available to the beneficiary in the country, the intervening bank should issue the pertinent "Form" and request certain information from the debtor and creditor, as applicable, pursuant to Chapter XIV.

Payments or remittances of foreign currency as capital, interest, adjustments, profits and other benefits originating in the transactions regulated under Chapter XIV must be reported to the Central Bank as follows: (i) if the foreign currency represents a remittance made from Chile, the intervening Formal Exchange Market bank should issue the above form; (ii) the issuer or borrower should inform the Central Bank, within the first 10 days of the month following the date of the transaction, if the foreign currency used to make the pertinent payments originates from credit transactions for which the foreign currency has been used directly abroad or if the corresponding payment obligation is fulfilled abroad using funds other than those indicated in Chapter XIV.

Any change in the terms of the transaction must be reported to the Central Bank within 10 days after formalization. This requirement applies, among others, to the substitution of the debtor or creditor, total or partial assignments of credits or rights and the modification of the financial terms of the respective credit regarding investments or capital contributions.

Exchange rule amendments dated April 2001 established that transactions recorded prior to April 19, 2001 will continue to be governed by the rules in force at the time they were recorded, but that the parties may choose to apply the new regulations.

These procedures also apply to foreign loans obtained through the placement of convertible bonds, in which case the issuer shall report to the Central Bank any increase or decrease in their registered amount as a result of the conversion of convertible bonds denominated and payable in Chilean pesos, for other convertible bonds denominated and payable in foreign currency or shares, as applicable, acquired by foreign investors with proceeds that had entered Chile under the terms of Chapter XIV.

According to Chapter XIV, the Central Bank established that credits relating to acts, agreements or contracts which create a direct obligation of payment or remittance of foreign currency abroad by persons domiciled or residing in Chile, that exceed on an individual basis the sum of US$100,000 or the equivalent in other foreign currencies, absent any special rule in the CFER, shall be reported to the Chilean Central Bank by the obligor either directly or through a Formal Exchange Market entity using the forms contained in the CFER, within 10 days from formalization.

In February 1999, after obtaining the requisite authorization from the Central Bank, we issued bonds in the international markets, subject to the exchange regulations in effect at that time. The main difference between the exchange regime applicable to our bond issuances and those currently in effect, is that in the case of our bond issuances the Central Banks warrants the access to currency markets. However, the regime applicable to our bond issuance has less flexibility as far as the procedures to carry out payments or remittances to bond holders.

We cannot give any assurance that the Central Bank will not impose future restrictions applicable to the holders of debt securities, nor can we make any evaluation of the duration or impact of such restrictions, if imposed.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

See "Item 9. The Offer and Listing—A. Offer and Listing Details."

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Our bylaws ("Estatutos") are incorporated as an Exhibit to this Form 20F, and are also available on our website www.koandina.com, under Corporate Governance/Board of Directors/Deeds of Incorporation. The following is a summary of the material provisions of our bylaws. The last amendment of our bylaws was approved on July 12, 2012.

Organization

We are a publicly held company and were incorporated in February 7, 1946. Our legal domicile is the city of Santiago, Chile, notwithstanding the special domiciles of offices, agencies or branches that are established in the country as well as abroad. Our duration is indefinite.

Purposes

Our corporate purposes are to execute and develop the following:

- Develop one or more industrial establishments dedicated to the business, operations and activities to manufacture, produce, transform, bottle, can, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of food product and in particular any type of mineral water, juice, beverage and drink in general or other similar products, and raw materials or semi-finished materials used in such activities and/or products complementary or related to the preceding businesses and activities;

- Develop one or more agricultural or agro industrial establishments and farm land dedicated to the business, operations and development of agricultural activities and agro industry in general;
- Produce, transform, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of agricultural products and/or agro industrial products and raw materials, or semi-finished materials used in such activities, and/or products complementary or related to the preceding activities;
- Manufacture, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of container; and execute and develop any type of material recycling process and activity;
- Accept from and/or grant the representation of trademarks, products and/or licenses related to such businesses, activities, operations and products to national or foreign companies;
- Provide any type of service and/or technical assistance in any way related to the goods, products, businesses and activities referred to in the preceding letters;
- Invest cash surplus, even in the capital market; and
- In general, undertake all other businesses and activities supplementary or linked to the above mentioned operations.

We may execute our objectives directly or by participating as a partner or shareholder in other companies or by acquiring rights or interests in any other type of association related to the aforementioned activities.

Voting Rights

Our capital equity is divided into Series A shares and Series B shares, both preferred and with no par value, whose features, rights and privileges are the following:

- The preference of Series A shares consists solely of the right to elect twelve out of the fourteen board members of the Company. Series A shares are entitled to full voting rights without limitations.
- The preference of Series B shares consists solely of the right to receive all and any of the per share dividends we may distribute, whether temporary, definitive, minimum mandatory, additional, or eventual, increased by 10%. Series B shares are entitled to a limited voting right, voting only with respect to the election of two board members for the Company.
- The preferences of Series A and B shares will remain in effect through December 31, 2130. Once this period has expired, Series A and B will be eliminated and the shares which comprise them shall automatically become common shares without any preferences whatsoever, therefore eliminating the division of shares into series.

Board of Directors and Shareholder Meetings

Our management is exercised by a board of directors, whose members are proposed and elected every three years during the general annual shareholders' meeting. Board members are elected by separate voting of the

Series A and Series B shareholder. As mentioned, Series A shares elect twelve directors, and Series B shares elect two Directors.

The Directors may or may not be shareholders, and will hold their offices for three years with the possibility to be re-elected for an indefinite number of periods. Even though we have not established a formal process that allows our shareholders to communicate with the directors, shareholders desiring to do so may share their opinions, considerations or recommendations before or during the corresponding shareholders' meeting which will be heard and attended by the Chairman of the Board, or by the Chief Executive Officer, as the case may be, and any such recommendations will be submitted for resolution by the shareholders in attendance during the meeting.

Regular general shareholders meetings are held once a year within the first four months following the date of the annual balance sheet. We prepare a balance sheet annually on our operations as of December 31, which is presented together with the profit and loss statement, the report by the auditors and annual report to the respective shareholders meeting. The board sends a copy of the balance sheet, annual report, report by the auditors and respective notes to each of the shareholders registered in the registry no later than by the date the first summons is published. Special shareholders meetings may be held at any time according to corporate needs and to discuss and decide upon any matter within the competence thereof, provided it is indicated in the summons. Being a shareholder of the Company is the only condition for entry to a shareholder's meeting.

C. MATERIAL CONTRACTS

On August 1, 2016, Embotelladora Andina SA, along with Monster Energy Company, entered into an agreement by which Monster Energy Company appointed Embotelladora Andina S.A. as distributor of products bearing the trademark "Monster" within its licensed territory in Chile (Antofagasta, Atacama, Coquimbo, Valparaíso, San Antonio, Cachapoal, Aysén and Magallanes). Similarly, on August 2, 2016 of the same year, Coca-Cola Andina Brazil along with Monster Energy Company entered into an agreement by which Monster Energy Company appointed Coca-Cola Andina Brazil authorizing it to commercialize and distribute the products bearing the trade mark "Monster" within its licensed territory in Brazil (Rio de Janeiro, Espirito Santo, part of São Paulo, and part of Minas Gerais).

On August 2, 2016, Andina Brazil (Rio de Janeiro Refrescos) entered into an international distribution agreement with Monster Energy Company, whereby the latter authorizes Andina Brazil (Rio de Janeiro Refrescos) to distribute and commercialize the products bearing the trade mark "Monster" within its territory, beginning November 1, 2016, for a period of 10 years.

D. EXCHANGE CONTROLS

Foreign Investment and Exchange Controls in Chile

The Central Bank is responsible, among other matters, for setting monetary policies and exchange controls in Chile. As of April 19, 2001, the Chilean Central Bank ("CCB") eliminated prior foreign exchange controls, imposed certain reporting requirements and determined that certain operations be conducted through the Formal Exchange Market ("FEM"). The main purpose of these amendments, as declared by the Central Bank, is to facilitate the flow of capital into Chile and outside the country and to foster foreign investment.

Equity investments in Chile (including investments in stock) by non-resident persons or entities must comply with some existing exchange control restrictions. Foreign investments may be registered with the Foreign Investment Committee (*Comité de Inversiones Extranjeras*) in accordance with Law N° 600 of 1974 and amendments or with the Central Bank in accordance with Chapter XIV of the Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales* or CFER) of the Central Bank. In the case of Decree Law N° 600, foreign investors execute a foreign investment agreement with Chile, thus guaranteeing access to the FEM. However, investors under Decree Law N° 600 will only be able to repatriate capital one year after the investment. Earnings can be remitted abroad at any time. In the case of CFER, capital as well as earnings can be repatriated at any time, without an agreement with the Central Bank.

During 2001, the CCB eliminated certain exchange controls. For instance, it revoked Chapter XXVI of the CFER, which regulated the issuance and placement of ADRs by Chilean corporations. Pursuant to the new rules, the Central Bank's approval is no longer a pre-condition for ADR issuances or foreign investment contracts with the CCB. ADR issuances are now regarded as an ordinary foreign investment, and the only requirements are that the CCB be informed of the transaction, by fulfilling the rules of Chapter XIV of the CFER, that mainly establishes that the monies come in or leave the country exclusively through the Formal Exchange Market, if the recipient of the investment decides to enter the foreign currency to the country or if it carries out payments or remittances from Chile.

Notwithstanding these changes, exchange transactions authorized prior to April 19, 2001 remained subject to the rules in force as of the date of such transactions. The new exchange regime did not affect Chapter XXVI of the CFER and the Foreign Investment Contract ("FIC") between Andina, the Central Bank and The Bank of New York Mellon (as Depositary of the shares represented by ADRs). Notwithstanding the previous, the parties to the FIC may choose to adopt the norms imposed by the CCB, resigning to those of the FIC, and which has been the option we have taken until this date. The FIC is the agreement by which access to the FEM is given to the Depositary and ADR holders. The FIC adopted the dispositions of Chapter XXVI and was celebrated pursuant to Article 47 of the Constitutional Organic Act of the CCB.

Under Chapter XXVI of the CFER, if the funds to purchase the common shares underlying the ADRs are brought into Chile, the Depositary must deliver, on behalf of foreign investors, an annex providing information on the transaction to the Formal Exchange Market entity involved, together with a letter instructing such entity to deliver the foreign currency or the equivalent amount in pesos, on or before the date the foreign currency is brought or is to be brought into Chile.

Repatriation of amounts received with respect to deposited common shares or common shares withdrawn from deposits on surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying common shares and any rights arising there from) need be made through the FEM. The FEM entity intervening in the repatriation must provide certain information to the CCB on the following banking business day.

Under Chapter XXVI and the FIC, the CCB agreed to grant to the Depositary, on behalf of ADR holders, and to any investor not residing nor domiciled in Chile who acquire shares or replace ADRs for common stock, which we refer to as "Withdrawn Shares", FEM access to convert Chilean pesos into U.S. dollars and to remit those dollars outside Chile including amounts received as: (i) cash dividends; (ii) proceeds from the sale in Chile of Withdrawn Shares; (iii) proceeds from the sale in Chile of preemptive rights to subscribe for additional shares; (iv) proceeds from the liquidation, merger or consolidation of Andina; (v) proceeds resulting from capital decreases or earnings or liquidations; and (vi) other distributions, including those in respect of any re-capitalization resulting from holding shares, ADRs or by Withdrawn Shares.

The guarantee of FEM access under the FIC will extend to the participants of the ADR offering if the following requirements are met: (i) that the funds to purchase the shares underlying the ADRs are brought into Chile and converted into Chilean pesos through the FEM; (ii) that the purchase of the underlying shares is made on a Chilean stock exchange; and (iii) that within five business days from the conversion of the funds into Chilean pesos, the CCB is informed that the funds converted were used to purchase the underlying shares, if those funds are not invested in shares within that period, it can access the FEM to reacquire foreign currency, provided that the request is submitted to the CCB within seven banking business days of the initial conversion into pesos.

Chapter XXVI provides that FEM access in connection with dividend payments is conditioned to our certifying to the CCB that a dividend payment has been made and that any applicable tax has been withheld. Chapter XXVI also provides that FEM access in connection with the sale of Withdrawn Shares, or distribution thereon, is conditioned upon receipt by the CCB (i) a certificate by the Depositary or custodian, as the case may be, that the shares have been withdrawn in exchange for delivery of the appropriate ADRs, and (ii) a waiver of the benefits of the FIC with respect to ADRs (except in connection with the proposed sale of the shares) until the Withdrawn Shares are re-deposited.

FEM access under any of the circumstances described above is not automatic. Pursuant to Chapter XXVI, such access needs the BCC's approval on a request submitted to that end through a banking institution established in Chile. The FIC provides that if the BCC has not acted upon the request within seven banking days, the request is deemed to have been granted.

Under current Chilean law, the BCC cannot unilaterally change the FIC. The Chilean Courts (although not binding on future judicial decisions) also have established that the FIC cannot be annulled by future legislative changes. No assurance can be given, however, that additional Chilean restrictions applicable to the holders of ADRs, to the disposition of underlying shares, or to the repatriation of proceeds from their disposition, will not be imposed in the future; nor can there be any assessment of the duration or impact of any restrictions that might be imposed. If for whatever reason, including changes in the FIC or Chilean law, the Depositary is prevented from converting Chilean pesos into U.S. dollars, the investors shall receive dividends or other payments in Chilean pesos, which shall subject the investors to exchange rate risks. It cannot be guaranteed that the CFER, as amended, or any other exchange regulation will not be amended in the future, or that if new regulations are enacted that they shall have no material bearing on Andina or the ADR holders.

No assurance can be given that Andina will be able to purchase U.S. dollars in the local exchange market at any time in the future, nor that any such purchase will be for the amounts necessary to pay any sum due under any of its capital or debt instruments. Likewise, it is not possible to guarantee that changes to the regulations of the CCB or other legislative changes relating to exchange controls will not restrict or impair Andina's ability to purchase U.S. dollars in order to make payment on its debt instruments.

E. TAXATION

Tax Considerations Relating to Equity Securities

Chilean Tax Considerations

The following discussion summarizes the material Chilean income tax consequences of an investment in Andina's stock or ADRs by an individual who is not domiciled or resident in Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment in Chile (a "foreign holder"). This discussion is based upon Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the *Servicio de Impuestos Internos* (the Chilean Internal Revenue Service or "SII") and other applicable regulations and rulings that are subject to change without notice. The discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation. Each investor or potential investor is encouraged to seek independent tax advice with respect to consequences of investing in Andina's stock or ADRs.

Capital Gains

Gains recognized from the sale or exchange of ADRs by a foreign holder outside of Chile will not be subject to Chilean taxation. Gains recognized on a sale or exchange of shares of common stock will be subject to both the Corporate Income Tax and the Withholding Tax (the former being credited against the latter) if either: (i) the foreign holder has held the shares of common stock for less than one year, (ii) the foreign holder acquired and disposed of the shares of common stock in the ordinary course of its business or as an habitual trader of shares, or (iii) the foreign holder transfers shares of common stock to a related person, as defined by Chilean tax law. In all other cases, gain on the disposition of shares of common stock will be subject only to the Corporate Income Tax, with rates of 22.5% and 24% for business years 2015 and 2016, respectively, except for shares resulting from an exchange of ADRs for shares (flow back), in which case the Chilean Internal Revenue Service pursuant to Notice 1,705, dated May 15, 2006, has been interpreted to say that shares may benefit from Article 18 if the ADRs were acquired through a stock broker or by any other circumstance stipulated by that norm.

Beginning in fiscal year 2017, the profit generated by sales of shares will be subject to a Withholding Tax rate of 35%.

The tax basis of shares of common stock received in exchange for ADRs will be determined in accordance with the valuation procedure set forth in the Deposit Agreement, which values shares of common stock at the highest reported sales price at which they trade on the Santiago Stock Exchange on the date of the withdrawal of the shares of common stock from the Depositary. Consequently, the conversion of ADRs into shares of common stock, and the immediate sale of the shares for the value established under the Deposit Agreement, will not generate a capital gain subject to taxation in Chile. However, in the case where the sale of the shares is made on a day that is different than the date in which the exchange is recorded, capital gain subject to taxation in Chile may be generated. In connection thereto, on October 1, 1999 the Chilean Internal Revenue Service issued Ruling No. 3708 whereby it allowed Chilean issuers of ADRs to amend the deposit agreements to which they are parties in order to include a clause that states that, in the case that the exchanged shares are sold by the ADRs' holders on a Chilean stock exchange either on the same day in which the exchange is recorded or within the two business days prior to such date, the acquisition price of such exchanged shares shall be the price registered in the invoice issued by the stock broker that participated in the sale transaction. As this amendment has been included in the Deposit Agreement, the capital gain that may be generated if the exchange date is different than the date in which the shares received in exchange for ADRs were sold, will not be subject to taxation. We reiterate that if a contributor in good faith adopts Notice No.1.705, then the excess value will not be subject to taxation in Chile.

The distribution and exercise of preemptive rights relating to the shares of common stock will not be subject to Chilean taxation. Any gain on the sale or assignment of preemptive rights relating to the shares of common stock will be subject to both the Corporate Income Tax and the Withholding Tax (the former being credited against the latter).

Other Chilean Taxes

No Chilean inheritance, gift or succession taxes apply to the transfer or disposition of the ADRs by a foreign holder, but such taxes generally will apply to the transfer at death or by gift of shares of common stock by a foreign holder. No Chilean stamp, issue, registration or similar taxes or duties apply to foreign holders of ADRs or shares of common stock.

Withholding Tax Certificates

Upon request, we will provide to foreign holders appropriate documentation evidencing the payment of Chilean withholding taxes.

United States Tax Considerations Relating to ADRs or Shares of Common Stock

The following discussion summarizes certain U.S. federal income tax consequences of an investment in Andina's ADRs or shares of common stock. This discussion is based upon U.S. federal income tax laws presently in force. The discussion is not a full description of all tax considerations that may be relevant to a decision to purchase ADRs or shares of common stock. In particular, the discussion is directed only to U.S. holders (as defined below) that hold ADRs or shares of common stock as capital assets, and it does not address the tax treatment of holders that are subject to special tax rules under the Internal Revenue Code of 1986 as amended (the "Code"), such as financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, insurance companies, tax-exempt entities, persons holding ADRs or shares of common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, holders that own or are deemed to own 10% or more of our voting shares, persons liable for alternative minimum tax or persons whose "functional currency" is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions there under as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, the discussion below assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with their terms. If a partnership holds our ADRs or shares of common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding ADRs or shares of common stock should consult their tax advisors. This summary does not contain a detailed description of all the United States federal income tax consequences to a holder in light of its particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. **Prospective purchasers should consult their tax advisors about the federal, state, local and foreign tax consequences to them of the purchase, ownership and disposition of ADRs or shares of common stock.**

As used herein, the term “U.S. holder” means a beneficial of ADRs or shares of common stock that is (i) an individual U.S. citizen or resident, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust that: (a) is subject to the primary supervision of a court within the United States and with respect to which one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If the obligations contemplated by the Deposit Agreement are performed in accordance with its terms, ADR holders generally will be treated for U.S. federal income tax purposes as the owners of the shares of common stock represented by those ADRs. Deposits or withdrawals of shares of common stock by U.S. holders in exchange for ADRs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Cash Dividends and Other Distributions

Cash distributions (including the amount of any Chilean taxes withheld) paid to U.S. holders with respect to the ADRs or shares of common stock generally will be treated as dividend income to such U.S. holders, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income will be includable in the gross income of a U.S. holder as ordinary income on the day received by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock. The dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. With respect to non-corporate U.S. holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADRs backed by such shares) that are readily tradable on an established securities market in the United States. U.S. Treasury Department guidance indicates that our ADRs (which are listed on the New York Stock Exchange), but not our shares of common stock, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our shares of our common stock that are not backed by ADRs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADRs will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Non-corporate U.S. holders should consult their own tax advisors regarding the application of these rules given their particular circumstances.

Dividends paid in Chilean pesos will be includable in income in a U.S. dollar amount based on the exchange rate in effect on the day of receipt by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock, regardless of whether the Chilean pesos are converted into U.S. dollars. If the Chilean pesos received as dividends are not converted into U.S. dollars on the date of receipt, a U.S. holder will have a basis in the Chilean pesos equal to their U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the Chilean pesos will be treated as U.S. source ordinary income or loss, regardless of whether the pesos are converted into U.S. dollars.

The Chilean Withholding Tax (net of any credit for the Corporate Income Tax) paid by or for the account of any U.S. holder may be eligible, subject to generally applicable limitations and conditions, for credit against the U.S. holder's federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid with respect to the ADRs or shares of common stock generally will be foreign source income and will generally constitute passive category income. Furthermore, in certain circumstances, a U.S. holder that (i) has held ADRs or shares of common stock for less than a specified minimum period during which it is not protected from risk of loss or (ii) is obligated to make payments related to the dividends, will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on ADRs or shares of common stock. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Distributions to U.S. holders of additional shares of common stock or preemptive rights with respect to shares of common stock that are made as part of a pro rata distribution to all shareholders of the Company generally should not be subject to U.S. federal income tax.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADRs or shares of common stock (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the investor on a subsequent disposition of the ADRs or shares of common stock), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits generally would not give rise to foreign source income and a U.S. holder generally would not be able to use the foreign tax credit arising from any Chilean withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against U.S. taxes due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, a U.S. holder should expect that a distribution will generally be treated as a dividend (as discussed above).

Passive Foreign Investment Company

We do not believe that we are, for U.S. federal income tax purposes, a passive foreign investment company (a "PFIC"), and expect to continue our operations in such a manner that we will not be a PFIC. If, however, we are or become a PFIC, U.S. holders could be subject to additional U.S. federal income taxes on gain recognized with respect to the ADRs or shares of common stock and on certain distributions, plus an interest charge on certain taxes treated as having been deferred by the U.S. holder under the PFIC rules of the U.S. federal income tax laws.

Non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

Capital Gains

U.S. holders that hold ADRs or shares of common stock as capital assets will recognize capital gain or loss for U.S. federal income tax purposes on the sale or other disposition of such ADRs or shares (or preemptive rights with respect to such shares) held by the U.S. holder or the Depositary. Capital gains of non-corporate U.S. holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder generally will be treated as U.S. source gain or loss. Consequently, in the case of a disposition of shares of common stock (which, unlike a disposition of ADRs, may be taxable in Chile), the U.S. holder may not be able to use the foreign tax credit for any Chilean tax imposed on the gain unless it can apply (subject to applicable limitations) the credit against tax due on other income from foreign sources.

Estate and Gift Taxation

As discussed above under "Chilean Tax Considerations — Other Chilean Taxes," there are no Chilean inheritance, gift or succession taxes applicable to the transfer or disposition of ADRs by a foreign holder, but such taxes generally will apply to the transfer at death or by gift of shares of common stock by a foreign holder. The amount of any inheritance tax paid to Chile may be eligible for credit against the amount of U.S. federal estate tax imposed on the estate of a U.S. holder. U.S. holders should consult their personal tax advisors to determine whether and to what extent they may be entitled to such credit. The Chilean gift tax generally will not be treated as a creditable foreign tax for U.S. tax purposes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of ADRs or shares of common stock or the proceeds received on the sale, exchange, or redemption of ADRs or shares of common stock paid within the United States (and in certain cases, outside of the United States) to U.S. holders other than certain exempt recipients. A backup withholding tax may apply to such payments if the U.S. holder fails to provide an accurate taxpayer identification number or certification of other exempt status or fails to report interest and dividends required to be shown on its federal income tax returns. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or a credit against the U.S. holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the informational reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, which requires that we file periodic reports and other information with the SEC. As a foreign private issuer, we file annual reports on Form 20-F as opposed to Form 10-K. We do not file quarterly reports on Form 10-Q but furnish quarterly reports and reports in relation to material events on Form 6-K. As a foreign private issuer, we are exempt from the rules under the U.S. Securities Exchange Act of 1934, as amended, prescribing the furnishing and content of proxy statements and short-swing profit disclosure and liability.

You may read and copy all or any portion of the annual report or other information in our files in the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also access these documents through the SEC's website at www.sec.gov or from our corporate website www.koandina.com or request a hard copy through our website also. You can also request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. In addition, reports and other information concerning us may be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, on which our ADRs are listed.

We also file reports with the Chilean *Superintendencia de Valores y Seguros*. You may read and copy any materials filed with the SVS directly from its website www.svs.cl. The documents referred to in this annual report can be inspected at Miraflores 9153, Piso 7, Renca, Santiago, Chile.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates, foreign currency exchange rates and commodity prices. We are exposed to changes in financial market conditions in the normal course of our business due to our use of certain financial instruments as well as transacting in various foreign currencies and conversion of our foreign subsidiaries' financial statements into the Chilean peso. We do not enter into or hold derivative contracts for trading purposes.

Interest Rate Risk

Our primary interest rate exposures relate to U.S. dollar denominated and UF long-term fixed rate bond liabilities and other long-term variable and fixed rate bank liabilities. We also invest in certain medium-term bond securities that bear a fixed interest rate. We monitor our exposure to interest rate fluctuations regularly depending on market conditions.

The following table provides information about our long-term debt and bond investments that are sensitive to changes in market interest rates as of December 31, 2016.

	Expected Maturity Date							Estimated Fair Market Value
	2017	2018	2019	2020	2021	Thereafter	Total	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Interest Earning Assets								
Time deposits and credit links	53,892	—	—	—	—	—	53,892	53,892
Weighted average interest rate	1.8%	—	—	—	—	—	1,8%	—
Interest Bearing Liabilities								
Long-term debt (Bonds)	26,730	12,232	12,599	12,990	10,412	637,451	712,414	781,417
Fixed Rate	4.29%	5.05%	5.09%	5.13%	5.64%	4.48%	4.70%	
Bank liabilities	20,610	8,618	5,696	3,264	158	—	38,346	35,298
Weighted average interest rate	4.31%	5.36%	6.12%	7.08%	7.15%	—	5.06%	

Foreign Currency Risk

As of December 31, 2016, we have debt held by banks and debt held by the public denominated in U.S. dollars, which are hedged by derivative instruments, which lower the risk of exposure to the accrual of fluctuations of the value of the U.S. dollar. The following table summarizes the financial instruments held December 31, 2015, denominated in dollars:

Assets (U.S. Dollars)	2017	2018	2019	2020	2021	2022 Onwards	Total	Fair estimated Market Value
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets								
Cash and cash equivalents	53,074	—	—	—	—	—	53,074	53,074
Liabilities								
Bonds obligations	(4,429)	—	—	—	—	(380,479)	(384,908)	(411,584)
Bank debt	(12,018)	—	—	—	—	—	(12,018)	(11,893)
Net assets (liabilities)	36,627	—	—	—	—	(380,479)	(343,852)	(370,403)

The Company maintains a net liability position as of December 31, 2016 in the amount of ThCh$ 348,701,380, comprised of bonds payable and obligations with financial institutions in the amount of ThCh$ 401,775,008, partially offset by financial assets denominated in U.S. dollars in the amount of ThCh$ 53,073,628. Of our total U.S. dollar-denominated financial liabilities, ThCh$ 12,017,942 correspond to our Brazilian operations and are exposed to the volatility of the Brazilian real against the U.S. dollar, while ThCh$ 389,757,066 correspond to the Chilean operations, which are exposed to the volatility of the Chilean peso against the U.S. dollar. In order to protect the Company from the effects on results due to the volatility of the Brazilian real and the Chilean peso against the U.S. dollar, we have entered into currency swaps that cover 99% of our dollar-denominated financial obligations, thereby mitigating our exchange rate exposure. As of December 31, 2016 the Company's net exposure to existing assets and liabilities in foreign currencies, discounting our derivatives contracts, was ThCh$ 49,580,028.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY RECEIPTS

Fees and Charges

The Bank of New York Mellon serves as the depositary for our ADRs. ADR holders are required to pay various fees to the depositary, and the depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADR holders are required to pay the depositary amounts in respect of expenses incurred by the depositary or its agents on behalf of ADR holders, including expenses arising from compliance with applicable law, taxes or other governmental charges, or conversion of foreign currency into U.S. dollars. The depositary may decide in its sole discretion to seek payment by either billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADR holders are also required to pay additional fees for certain services provided by the depositary, as set forth in the table below.

Depositary service	Fee payable by ADR holders
Issuance and delivery of ADRs, including in connection with share distributions	Up to US$5.00 per 100 ADSs (or portion thereof)
Withdrawal of shares underlying ADRs	Up to US$5.00 per 100 ADSs (or portion thereof)
Registration for the transfer of shares	Registration or transfer fees that may from time to time be in effect
Cash distribution fees	US$0.02 or less per ADS

In addition, holders may be required to pay a fee for the distribution or sale of securities. Such fee (which may be deducted from such proceeds) would be for an amount equal to the lesser of (1) the fee for the issuance of ADRs that would be charged as if the securities were treated as deposited shares and (2) the amount of such proceeds.

Fees Incurred in Past Annual Period

From January 1, 2016 to December 31, 2016, we received from the depositary US$96,172.20 for continuing annual stock exchange listing fees, standard out-of-pocket maintenance costs for the ADRs (consisting of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), any applicable performance indicators relating to the ADR facility, underwriting fees and legal fees.

Fees to be Paid in the Future

The Bank of New York Mellon, as depositary, has agreed to reimburse us for expenses they incur that are related to establishment and maintenance expenses of the ADR program. The depositary has agreed to reimburse us for its continuing annual stock exchange listing fees. The depositary has also agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. It has also agreed to reimburse us annually for certain investor relationship programs or special investor relations promotional activities. In certain instances, the depositary has agreed to provide additional payments to us based on any applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors.

The depositary collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

In 1996, our shareholders approved the Reclassification of Capital Stock, which we refer to as the "Reclassification," of our common stock into two new series of shares. Pursuant to the Reclassification, each outstanding share of our common stock was replaced by one newly issued Series A share and one newly issued Series B share.

The Series A and Series B shares are principally differentiated by their voting and economic rights. The modification of our bylaws as of June 25, 2012, increased the number of directors from 7 to 14. The holders of the Series A shares have full voting power and are entitled to elect 12 of 14 members of the board of directors, and the holders of the Series B shares have no voting rights but for the right to elect 2 members of the board of directors. In addition, holders of Series B shares are entitled to a dividend 10% greater than any dividend on Series A shares.

After the Reclassification, the Superintendence of Pension Fund Managers (*Superintendencia de Administradores de Fondos de Pensiones*) decreed that Chilean pension funds would not be permitted to acquire Series B Shares due to their limited voting rights. In 2004, however, the Superintendence reversed and approved Series B shares as investment instruments for Chilean Pension funds. Series A shares have always been eligible as investment instruments.

ITEM 15. CONTROLS AND DISCLOSURE PROCEDURES

Disclosure Controls and Procedures

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2016. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a—15(f) and 15d—15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. Our internal control over financial reporting includes those policies and procedures that (i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions or our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in Internal Controls—Integrated framework (2013) issued by the Committee of Sponsoring Organizations of the Tread way Commission, our management concluded that our internal control over financial reporting was effective as of December 31, 2016.

The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by our registered independent accounting firm, which opinion is stated in their report, included on pages F-2 and F-3 herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required under Rules 13a-15 or 15d-15 that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has designated Mr. Gonzalo Parot Palma as our Audit Committee Financial Expert, as defined in the instructions to Item 16A of Form 20-F. Our board of directors has also determined that Mr. Gonzalo Parot Palma is an Independent Director as defined in Section 303A.02 of the NYSE's Listed Company Manual.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics that constitutes a code of ethics for our directors and employees. This Code applies to our Board of Directors, chief executive officer and all senior financial officers of our Company, including the chief financial officer or any other persons performing similar functions, as well as to all other officers and employees of the Company. Our Code of Ethics is available on our website www.koandina.com. If we make any substantive amendment to the Code or grant any waivers, including any implicit waiver, from a provision of the Code, we will disclose the nature of such amendment or waiver on the above mentioned website through a 6-K form.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid To Independent Public Accountants

The following table sets forth, for each of the years indicated, the kinds of fees paid to our external auditors and the percentage of each of the fees out of the total amount paid to them.

	Year ended December 31,			
	2015		2016	
Services rendered	Fees MCh$	% of Total Fees	Fees MCh$	% of Total Fees
Audit fees(1)	961	99%	851	99%
Audit-related fees(2)	—	0%	—	0%
Tax fees(3)	9	1%	—	0%
Other fees	1	0%	5	1%
Total	972	100%	856	100%

(1) Audit fees consist of services that would normally be provided in connection with statutory and regulatory filings or engagements, including services that generally only the independent accountant can reasonably provide.
(2) Audit-related fees relate to assurance and associated services that traditionally are performed by the independent accountant, including: attestation services that are not required by statute or regulation; accounting consultation and audits in connection with mergers, acquisitions and divestitures; employee benefit plan audits; and consultation concerning financial accounting and reporting standards.
(3) Tax fees relate to services performed by the tax division for tax compliance, planning, and advice.

Directors’ Committee and Audit Committee Pre-Approval Policies and Procedures

We have adopted pre-approval policies and procedures under which all non-audit services provided by our external auditors must be pre-approved by our Directors’ Committee. Once the proposed service is approved, our subsidiaries or we formalize the engagement of services. In addition, the members of our board of directors are briefed on matters discussed by the Directors’ Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Our Audit Committee is comprised of Gonzalo Parot Palma, Salvador Said Somavía and Arturo Majlis Albala.

We disclose that, with respect to the current membership of Mr. Salvador Said Somavía and Mr. Arturo Majlis Albala on our Audit Committee, the Company has relied on the exemption from the independence requirements provided by Rule 10A-3(b)(1)(iv)(D) of the Securities and Exchange Act of 1934, as amended. Pursuant to said rule, a member of the Committee who is an affiliate of the foreign private issuer or a representative of such an affiliate that has only observer status on, and is not a voting member or the chair of, the audit committee, and is not an executive officer of the foreign private issuer, may be exempted from the independence requirement.

Mr. Arturo Majlis Albala and Mr. Salvador Said Somavía meet, for the duration of their membership, the requirements of Rule 10A-3(b)(1)(iv)(D) because they (i) are a representative of our controlling shareholder group; (ii) have an observer-only status on our Audit Committee;(iii) are not officers of us or any of our subsidiaries; and (iv) do not receive, directly or indirectly, compensation from us or any of our subsidiaries other than in their capacities as members of our Audit Committee.

Our reliance on the exemption provided by Rule 10A-3 of the Exchange Act, with respect to Mr. Arturo Majlis Albala and Mr. Salvador Said Somavía, would not materially adversely affect the ability of our Audit Committee to act independently.

ITEM 16E. PURCHASERS OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

During 2016, no issuer or affiliated parties made purchases pursuant to publicly announced plans or programs or not pursuant to such plans.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Pursuant to the Chilean Corporations Act, the Company is obliged to elect on an annual basis its principal accountant. The election takes place at the annual shareholders´ meeting. The audit committee and the directors committee independently submitted to the board of directors their proposal for the election of the principal accountant for fiscal year 2017. The board of directors´ at its meeting held on March 28, 2017 agreed to propose to the annual shareholders´ meeting of April 26, 2017 three candidates: EY Servicios Profesionales de Auditoría y Asesorías SpA. was proposed in first place, and PricewaterhouseCoopers Consultores Auditores SpA ("PwC Chile"), in second place and KPMG Auditores Consultores Ltda ("KPMG"), in third place.

At the referred annual shareholders´ meeting held April 26, 2017, EY Servicios Profesionales de Auditoría y Asesorías SpA. was elected as principal accountant for the fiscal year 2017. As a consequence, PwC Chile was dismissed as our independent registered public accounting firm on April 26, 2017. Such dismissal becomes effective upon completion by PwC Chile of its procedures on the financial statements of Embotelladora Andina S.A. as of and for the year ended December 31, 2016 and the filing of the related Form 20-F.

The reports of PwC Chile on the financial statements for the fiscal years ended December 31, 2016 and 2015 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal years ended December 31, 2016 and 2015 and the subsequent interim period through April 26, 2017, there have been no disagreements with PwC Chile on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PwC Chile would have caused them to make reference thereto in their reports on the financial statements for such years.

During the fiscal years ended December 31, 2016 and 2015 and the subsequent interim period through April 26, 2017, there have been no reportable events (as defined in Item 16F(a)(1)(v) of Form 20-F).

The Registrant has requested that PwC Chile furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of such letter, dated April 26, 2017, is filed as Exhibit 15.1 to this Form 20-F.

ITEM 16G. CORPORATE GOVERNANCE

NYSE and Chilean Corporate Governance Requirements

In accordance with Section 303A.11 of the NYSE's Listed Company Manual, the following table sets forth significant differences between Chilean corporate governance practices and those corporate governance practices followed by domestic corporations under NYSE listing standards. Significant ways in which our corporate governance practices differ from those followed by U.S. companies under NYSE listing standards are also publicly available on our website at www.koandina.com.

ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
303A.01 Independence	Members of the Board of Directors must be independent in their majority.	There is no legal obligation to have a Board of Directors composed mainly of independent members. In addition, according to section 303A regarding Controlled Companies, the requirements of 303A do not apply to our Company.

ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
303A.02 Independence Tests	Members of the Board of Directors must meet the Test of Independence.	No similar legal obligation exists under Chilean law. However, article 50 bis of the Corporations Law require appointing at least one independent director. Law considers independent such director that within the last 18 months is not involved in certain circumstances, such as: having an economic interest in the company or other group, having a relationship with such persons, be director of nonprofit organizations, among others, and comply with a declaration of independence.
303A.03 Executive Sessions	Non-Management Directors must meet regularly without management of the company.	No similar legal obligation exists under Chilean law. Under Chilean law, the position of director of a corporation is incompatible with the position of manager, auditor, accountant or president of the company. The Non-Management Director does not exist under Chilean law. Directors, however, are required to convene in legally established meetings to resolve matters required by Chilean Corporation Law.
303A.04 Nominating/Corporate Governance Committee	Listed companies must have a Nominating/Corporate Governance Committee composed entirely of independent directors and must have a written charter addressing certain matters.	There is no similar legal obligation under Chilean law. Andina has a Directors' Committee whose functions are set by Chilean Corporation Law. In addition, section 303 A regarding Controlled Companies does not apply to our Company
303A.05 Compensation Committee	Listed companies must have a Compensation Committee composed entirely of independent directors, and must have a written charter addressing certain matters.	There is no similar legal obligation under Chilean law. In accordance with Chilean law, the above-mentioned Directors' Committee is in charge of reviewing management compensation. In addition, section 303 A regarding Controlled Companies does not apply to our Company.
303A.06 Audit Committee	Listed companies must have an Audit Committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. The Audit Committee must have a minimum of three members. In addition to any requirement of Rule 10A-3(b)(1), all Audit Committee members must satisfy the requirements for independence set out in Section 303 A.02. The Audit Committee must have a written charter addressing certain matters.	No similar legal obligation exists under Chilean law. However, in accordance with the Chilean Public Companies Law 18,046, public companies that have a net worth of more than 1.5 million UFs and/or at least a 12.5% of its issued shares with voting rights are held by individual shareholders who control or own less than 10% of such shares must have a Directors' Committee, formed by three members who are in their majority independent of the controller. Andina designated an Audit Committee in accordance with Rule 10 A.3.The functions of this committee are described under "Item 6. Directors, Senior Management and Employees-Board Practices"
303A.07 Internal Audit Function	Listed companies must maintain an Internal Audit Function to provide management and the Audit Committee with ongoing assessments of the company's risk management processes and systems of internal control. A listed company may choose to outsource this function to a third party service provider other than its independent auditor.	There is no similar obligation under Chilean law. Chilean law requires that companies must have both account inspectors and external auditors. However, Andina has an Internal Auditor who reports to the Audit Committee.
303A.08 Voting on Compensation Plans	Shareholders must have the opportunity to vote on the creation or amendment of compensation plans regarding board members, executives and employees.	There is no similar obligation under Chilean law, with the exception of Directors' compensation which annually approved during the General Shareholders' Meeting.
303A.09 Corporate Governance Guidelines	Listed companies must adopt and disclose Corporate Governance Practices.	Chilean Law does not require the adoption of Corporate Governance Practices because they have been established by Chilean Corporate Law. However, the Superintendence of Securities and Insurance in General Rule No. 341 requires publicly traded corporations to report their corporate governance practices.
303A.10 Code of Ethics and Business Conduct	A company must adopt a Code of Business Conduct for its directors, officers and employees. Such company must disclose any waiver of its code of conduct that is granted to an officer or director.	There is no legal obligation to adopt a Code of Business Conduct. Chilean law requires that a company have a set of internal regulations which regulate the company and its relations with personnel. Such regulations must contain, among other things, regulations related to ethics and good

	behavior. Notwithstanding the above, a company may create internal codes of conduct, provided they do not require or prohibit behavior that contravenes Chilean law. In 1996, Andina created a Code of Ethics and Business Conduct that applies to the entire Company. Andina has posted this information on its website www.koandina.com

ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
303A.11 Foreign Private Issuer Disclosure	A company must provide a summary description of significant differences between its home country corporate governance practices and the corporate governance requirements established by the NYSE as applicable to U.S. domestic listed companies	No similar obligation exists under Chilean law. However, Andina has posted this information on its website www.koandina.com
303A.12 Certification Requirements	Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards. Each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any of the applicable provisions of Section 303 A. Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation each time a change occurs to the Board of Directors or any of the committees subject to Section 303 A. The annual and interim Written Affirmations must be in the form specified by the NYSE.	No similar obligation exists under Chilean law. However, in accordance with Chilean law, the directors of a company must annually submit for approval the company's annual report and financial statements to its shareholders at the company's annual shareholders' meeting. Similarly, public companies must, from time to time, provide all relevant company information by means of the publications and notifications established by law.
303A.13 Public Reprimand	The NYSE may issue a Public Reprimand letter to any listed company, regardless of the type of security listed or country of incorporation if it determines the company has violated a NYSE listing standard.	No similar obligation exists under Chilean law, with the exception of sanctions imposed by the Chilean Superintendence of Securities and Insurance (SVS).
307 Company Website	Listed Companies must have a company website which is accessible from the United States. The website must contain in it all NYSE requirements including those referring to Corporate Governance.	Chilean law does not require listed companies to maintain a website. However, if a listed company does have a website, the company must make available on its website certain information required by the rules under Chilean Company Law N° 18,046.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Reference is made to Item 18 for a list of all financial statements filed as part of this annual report.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements, together with the report of independent registered accounting firm, are filed as part of this Annual Report:

Index to Consolidated Statements of Financial Position

ITEM 18. FINANCIAL STATEMENTS

ITEM 19. EXHIBITS.

The exhibits filed with or incorporated by reference in this annual report are listed in the exhibit index below.

EXHIBIT INDEX

Item	Description
1.1	Amended and restated Bylaws of Embotelladora Andina S.A. dated as of June 25, 2012 (English Translation) (incorporated by reference to Exhibit 1.1 to Andina's Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142))
2.1	Amended and restated Deposit Agreement, dated as of December 14, 2000, among Embotelladora Andina S.A., The Bank of New York as Depositary, and Holders and Beneficial Owners of American Depositary Receipts (incorporated by reference to Exhibit 1.3 to Andina's Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142))
2.2	Indenture dated as of September 30, 1997, among Embotelladora Andina S.A., Credit Suisse First Boston Corporation, and J.P. Morgan Securities Inc. (incorporated herein by reference and filed with the SEC on September 30, 1997 and also available on our website www.koandina.com)
4.1	Amended and restated Call Option Agreement, dated as of December 17, 1996, among Inversiones Freire Limitada, Inversiones Freire Dos Limitada, Coca-Cola Interamerican Corporation, Coca-Cola de Argentina S.A., The Coca-Cola Company, and Embotelladora Andina S.A. and Custody Agreement among Inversiones Freire Limitada and Inversiones Freire Dos Limitada and Citibank, N.A. (English translation) (incorporated by reference to Exhibit 1.5 to Andina's Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142))
4.2	Amendment dated as of August 31, 2012 to the Amended and restated Shareholders' Agreement, dated as of June 25, 2012, among Embotelladora Andina S.A., the Coca-Cola Company, Coca-Cola Interamerican Corporation, Coca-Cola de Argentina S.A., Bottling Investment Limited, Inversiones Freire Ltda., and Inversiones Freire Dos Ltda (incorporated by reference to Exhibit 4.2 to Andina's Annual Report on Form 20-F filed on May 15, 2014 (File No. 001-13142)
4.3	English translation of the form Bottler Agreement, (incorporated by reference to Exhibit 1.2 to Andina's Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142))
4.4	Bottler Agreement dated as of February 10, 2007, among Embotelladora del Atlántico S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.1 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.5	Amendment dated as of February 1, 2012 to the Bottler Agreement dated as of February 10, 2007, among Embotelladora del Atlántico S.A. and Schweppes Holdings Limited (incorporated by reference to Exhibit 1.2.2 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.6	Amendment dated as of June 30, 2013 to the Bottler Agreement dated as of February 10, 2007, among Embotelladora del Atlántico S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.2 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.7	Bottler Agreement in force as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding operations in Argentina (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.8	Amendment dated as of October 16, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding syrup mix (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.9	Amendment dated as of October 16, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding distribution in Argentina (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.10	Amendment dated as of November 17, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))

Item	Description
4.11	Amendment dated as of November 28, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.12	Amendment dated as of March 21, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.13	Amendment dated as of November 26, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.14	Amendment dated as of December 7, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.15	Amendment dated as of December 27, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.16	Amendment dated as of July 28, 2008 to Bottler Agreement effective as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.17	Amendment dated as of July 28, 2008 to Bottler Agreement effective as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and Schweppes Holdings Limited (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.18	Bottler Agreement dated as of October 4, 2007 among Rio de Janeiro Refrescos Ltda and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.5 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.19	Amendment dated as of October 4, 2012 to Bottler Agreement dated as of October 4, 2007 between Rio de Janeiro Refrescos Ltda and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.6 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.20	Amendment dated as of February 7, 2013 to the Bottling Agreement dated as of October 4, 2007 between Cia. de Bebidas Ipiranga and The Coca-Cola Company (incorporated by reference to Exhibit 4.20 to Andina's Annual Report on Form 20-F filed on May 15, 2014 (File No. 001-13142).
4.21	Bottler Agreement dated as of September 1, 2008 among Embotelladoras Coca-Cola Polar S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.7 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.21.1	Amendment dated as of July 9, 2014 to Bottler Agreement dated as of September 1, 2008 between Embotelladora Andina (ex-Embotelladoras Coca-Cola Polar S.A.) and The Coca-Cola Company (incorporated by reference to Exhibit 4.21.1 to Andina's Annual Report on Form 20-F filed on April 28, 2015 (File No. 001-13142))
4.2.2	Bottler Agreement dated as of November 3, 2014 among Embotelladora andina (ex-Embotelladoras Coca-Cola Polar S.A.) and The Coca-Cola Company (incorporated by reference to Exhibit 4.2.2 to Andina's Annual Report on Form 20-F filed on April 28, 2015 (File No. 001-13142))
4.22	Bottler Agreement dated as of February 1, 2008 among Embotelladora Andina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.8 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.23	Amendment dated as of February 1, 2013 to Bottler Agreement dated as of February 1, 2008 among Embotelladora Andina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.9 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.24	Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.10 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.25	Amendment dated as of March 3, 2010 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.10 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.26	Amendment dated as of November 6, 2014 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.26 to Andina's Annual Report on Form 20-F filed on April 28, 2015 (File No. 001-13142))

Item	Description
4.27	Amendment dated as of March 25, 2015 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.27 to Andina's Annual Report on Form 20-F filed on April 28, 2015 (File No. 001-13142))
4.28	International distribution agreement dated as of August 1, 2016 among Embotelladora Andina S.A. and Monster Energy Company (filed herein)
4.29	International distribution agreement dated as of August 2, 2016 among Rio de Janeiro Refrescos Ltda. and Monster Energy Company (filed herein)
8.1	List of our subsidiaries (filed herein).
12.1	Certification of Miguel Ángel Peirano, Chief Executive Officer, pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)) (filed herein).
12.2	Certification of Andrés Wainer, Chief Financial Officer pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14 (a) (17 CFR 240.15d-14(a)) (filed herein).
13.1	Certification of Miguel Ángel Peirano, Chief Executive Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350, (filed herein).
13.2	Certification of Andrés Wainer, Chief Financial Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350, (filed herein).
15.1	Consent of PricewaterhouseCoopers

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Embotelladora Andina S.A.
(Registrant)

/s/ Miguel Ángel Peirano /s/ Andrés Wainer
(Signature)

Date: April 28, 2017

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Financial Statements

as of December 31, 2016 and 2015

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Embotelladora Andina S.A.

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows present fairly, in all material respects, the financial position of Embotelladora Andina S.A. and its subsidiaries at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15 of this Annual Report on Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers
Santiago - Chile
April 26, 2017

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of December 31, 2016 and 2015
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	NOTE	12.31.2016 ThCh$	12.31.2015 ThCh$
ASSETS			
Current assets:			
Cash and cash equivalents	**4**	141,263,880	129,160,939
Other financial assets	**5**	60,152,627	87,491,931
Other non-financial assets	**6.1**	8,601,209	8,686,156
Trade and other accounts receivable, net	**7**	190,524,354	176,385,836
Accounts receivable from related companies	**11.1**	5,788,683	4,610,500
Inventory	**8**	144,709,348	133,333,253
Current tax assets	**9.2**	1,702,296	7,741,241
Total Current Assets		**552,742,397**	**547,409,856**
Non-Current Assets:			
Other financial assets	**5**	80,180,880	181,491,527
Other non-financial assets	**6.2**	35,246,823	18,289,901
Trade and other receivables	**7**	3,527,732	5,931,999
Accounts receivable from related parties	**11.1**	147,682	14,732
Investments accounted for under the equity method	**13**	77,197,781	54,190,546
Intangible assets other than goodwill	**14.1**	680,996,062	665,666,655
Goodwill	**14.2**	102,919,505	95,835,936
Property, plant and equipment	**10**	666,150,885	640,529,872
Total Non-Current Assets		**1,646,367,350**	**1,661,951,168**
Total Assets		**2,199,109,747**	**2,209,361,024**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of December 31, 2016 and 2015
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	NOTE	12.31.2016 ThCh$	12.31.2015 ThCh$
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities:			
Other financial liabilities	**15**	64,800,570	62,217,688
Trade and other accounts payable	**16**	242,836,356	212,526,368
Accounts payable to related parties	**11.2**	44,120,335	48,652,827
Provisions	**17**	682,778	326,093
Income taxes payable	**9.3**	10,828,593	7,494,832
Employee benefits current provisions	**12**	35,653,431	31,790,759
Other non-financial liabilities	**18**	20,612,791	17,565,643
Total Current Liabilities		**419,534,854**	**380,574,210**
Other financial liabilities	**15**	721,570,587	765,299,344
Trade and other payables	**16**	9,509,827	9,303,224
Provisions	**17**	72,399,115	63,975,724
Deferred income tax liabilities	**9.5**	125,608,802	130,201,701
Post-employment benefit liabilities	**12**	8,157,745	8,230,030
Other non-financial liabilities	**18**	158,790	242,491
Non-Current Liabilities:		**937,404,866**	**977,252,514**
Equity:	**19**		
Issued capital		270,737,574	270,737,574
Retained earnings		295,708,512	274,755,431
Other reserves		254,159,496	284,980,830
Equity attributable to equity holders of the parent		**820,605,582**	**830,473,835**
Non-controlling interests		**21,564,445**	**21,060,465**
Total Equity		**842,170,027**	**851,534,300**
Total Liabilities and Equity		**2,199,109,747**	**2,209,361,024**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Income by Function for the years ended at December 31, 2016, 2015 and 2014

(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	NOTE	01.01.2016 12.31.2016	01.01.2015 12.31.2015	01.01.2014 12.31.2014
		ThCh$	ThCh$	ThCh$
Net sales		1,777,459,320	1,877,394,256	1,797,199,877
Cost of sales	23	(1,033,910,027)	(1,106,706,146)	(1,081,243,408)
Gross Profit		**743,549,293**	**770,688,110**	**715,956,469**
Other income	24	1,760,899	471,569	3,970,623
Distribution expenses	23	(183,676,895)	(202,490,792)	(187,042,843)
Administrative expenses	23	(346,202,795)	(352,600,846)	(342,140,932)
Other expenses	25	(22,765,167)	(21,983,048)	(18,591,271)
Other (losses) gains	27	(3,387,377)	(6,301,121)	(4,392,105)
Financial income	26	9,661,692	10,118,375	8,655,623
Financial expenses	26	(51,374,971)	(55,669,217)	(65,081,431)
Share of profit of investments accounted for using the equity method	13.3	(262,582)	(2,327,829)	1,190,969
Foreign exchange differences		(67,518)	(2,856,370)	(2,675,027)
Loss from differences in indexed financial assets and liabilities		(6,378,375)	(7,308,343)	(12,461,548)
Net income before income taxes		**140,856,204**	**129,740,488**	**97,388,527**
Income tax expense	9.4	(48,807,093)	(41,642,562)	(45,354,435)
Net income		**92,049,111**	**88,097,926**	**52,034,092**
Net income attributable to				
Equity holders of the parent		90,525,991	87,863,484	51,875,084
Non-controlling interests		1,523,120	234,442	159,008
Net income		**92,049,111**	**88,097,926**	**52,034,092**
		Ch$	Ch$	Ch$
Earnings per Share, basic and diluted				
Earnings per Series A Share	19.5	**91.08**	**88.4**	**52.19**
Earnings per Series B Share	19.5	**100.19**	**97.24**	**57.41**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
for the years ended at December 31, 2016, 2015 and 2014
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Net income	**92,049,111**	**88,097,926**	**52,034,092**
Other Comprehensive Income:			
Components of other comprehensive income that will not be reclassified to net income for the period, before taxes			
Actuarial losses from defined benefit plans	(29,423)	(744,445)	(140,749)
Components of other comprehensive income that will be reclassified to net income for the period, before taxes			
Gain (losses) from exchange rate translation differences	148,686	(119,212,803)	28,309,535
Gain (losses) from cash flow hedges	(42,836,575)	31,134,391	5,909,129
Income tax related to components of other comprehensive income that will not be reclassified to net income for the period			
Income tax benefit related to defined benefit plans	7,060	148,877	31,580
Income tax related to components of other comprehensive income that will be reclassified to net income for the period			
Income tax related to exchange rate translation differences	(2,431,408)	4,604,711	663,705
Income tax related to cash flow hedges	13,301,186	(10,172,792)	(2,041,658)
Total comprehensive income	**60,208,637**	**(6,144,135)**	**84,765,634**
Total comprehensive income attributable to:			
Equity holders of the parent	59,704,657	(5,894,668)	83,875,399
Non-controlling interests	503,980	(249,467)	890,235
Total comprehensive income	**60,208,637**	**(6,144,135)**	**84,765,634**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
for the years ended December 31, 2016, 2015 and 2014
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

		Other reserves								
	Issued capital	Translation reserves	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves	Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance at 01/01/2016	**270,737,574**	**(167,447,157)**	**27,087,214**	**(1,796,285)**	**427,137,058**	**284,980,830**	**274,755,431**	**830,473,835**	**21,060,465**	**851,534,300**
Changes in Equity										
Comprehensive Income										
Net income	—	—	—	—	—	—	90,525,991	90,525,991	1,523,120	92,049,111
Other comprehensive income	—	(1,297,198)	(29,535,389)	11,253	—	(30,821,334)	—	(30,821,334)	(1,019,140)	(31,840,474)
Comprehensive income	—	**(1,297,198)**	**(29,535,389)**	**11,253**	—	**(30,821,334)**	**90,525,991**	**59,704,657**	**503,980**	**60,208,637**
Dividends	—	—	—	—		—	(69,572,910)	(69,572,910)	—	(69,572,910)
Total changes in equity	—	**(1,297,198)**	**(29,535,389)**	**11,253**	—	**(30,821,334)**	**20,953,081**	**(9,868,253)**	**503,980**	**(9,364,273)**
Ending balance at 12/31/2016	**270,737,574**	**(168,744,355)**	**(2,448,175)**	**(1,785,032)**	**427,137,058**	**254,159,496**	**295,708,512**	**820,605,582**	**21,564,445**	**842,170,027**

		Other reserves								
	Issued capital	Translation reserves	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves	Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance at 01/01/2015	**270,737,574**	**(53,285,698)**	**6,125,615**	**(1,237,993)**	**427,137,058**	**378,738,982**	**247,817,939**	**897,294,495**	**21,703,238**	**918,997,733**
Changes in Equity										
Comprehensive Income										
Net income	—	—	—	—	—	—	87,863,484	87,863,484	234,442	88.097.926
Other comprehensive income	—	(114,161,459)	20,961,599	(558,292)	—	(93,758,152)	—	(93,758,152)	(483,909)	(94.242.061)
Comprehensive income	—	**(114,161,459)**	**20,961,599**	**(558,292)**	—	**(93,758,152)**	**87,863,484**	**(5,894,668)**	**(249,467)**	**(6.144.135)**
Dividends	—	—	—	—	—	—	(60,925,992)	(60,925,992)	(393,306)	(61,319,298)
Total changes in equity	—	**(114,161,459)**	**20,961,599**	**(558,292)**	—	**(93,758,152)**	**26,937,492**	**(66,820,660)**	**(642,773)**	**(67,463,433)**
Ending balance at 12/30/2015	**270,737,574**	**(167,447,157)**	**27,087,214**	**(1,796,285)**	**427,137,058**	**284,980,830**	**274,755,431**	**830,473,835**	**21,060,465**	**851,534,300**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
for the years ended December 31, 2016, 2015 and 2014
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

		Other reserves									
	Issued capital	Translation reserves	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves	Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance at 01/01/2014	**270,737,574**	**(81,527,711)**	**2,258,144**	**(1,128,824)**	**427,137,058**	**346,738,667**	**243,192,801**	**860,669,042**	**20,763,546**	**881,432,588**
Changes in Equity										
Comprehensive Income										
Net income	—	—	—	—	—	—	51,875,084	51,875,084	159,008	52.034.092
Other comprehensive income	—	28,242,013	3,867,471	(109,169)	—	32,000,315	—	32,000,315	731,227	32.731.542
Comprehensive income	**—**	**28,242,013**	**3,867,471**	**(109,169)**	**—**	**32,000,315**	**51,875,084**	**83,875,399**	**890,235**	**84.765.634**
Dividends	—	—	—	—	—	—	(47,249,946)	(47,249,946)	49,457	(47,200,489)
Total changes in equity	**—**	**28,242,013**	**3,867,471**	**(109,169)**	**—**	**32,000,315**	**4,625,138**	**36,625,453**	**939,692**	**37,565,145**
Ending balance at 12/31/2014	**270,737,574**	**(53,285,698)**	**6,125,615**	**(1,237,993)**	**427,137,058**	**378,738,982**	**247,817,939**	**897,294,495**	**21,703,238**	**918,997,733**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the years ended December 31, 2016, 2015 and 2014
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

Cash flows provided by (used in) Operating Activities	NOTE	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Cash flows provided by Operating Activities				
Receipts from customers (including taxes)		2,415,467,366	2,406,656,125	2,367,485,129
Payments for Operating Activities				
Payments to suppliers for goods and services (including taxes)		(1,624,748,620)	(1,569,343,254)	(1,579,575,529)
Payments to employees		(210,545,781)	(213,532,202)	(191,529,823)
Other payments for operating activities (value-added taxes on purchases, sales and others)		(280,846,689)	(275,697,786)	(295,650,855)
Dividends received		745,805	1,250,000	1,590,675
Interest payments		(49,931,807)	(57,963,479)	(62,079,744)
Interest received		8,610,102	7,463,013	5,332,755
Income tax payments		(25,721,727)	(26,322,106)	(23,778,366)
Other cash movements (tax on bank debits Argentina and others)		(9,582,089)	(7,601,081)	(6,279,811)
Cash flows provided by Operating Activities		**223,446,560**	**264,909,230**	**215,514,431**
Cash flows provided by (used in) Investing Activities				
Cash flows from the sale of equity investees (sale of investment in Leao Alimentos e Bebidas Ltda.)		—	—	4,616,752
Cash flow used to acquire non-controlling interests (Capital contributions)	**13.2**	(17.586.575)	(915,069)	—
Proceeds from sale of property, plant and equipment		70,431	1,969,878	2,273,241
Purchase of property, plant and equipment		(128,217,485)	(112,399,528)	(114,216,855)
Proceeds from other long term assets (term deposits over 90 days)		109,824,298	106,609,849	122,292,893
Purchase of other long term assets (term deposits over 90 days)		(77,789,768)	(95,008,674)	(186,014,285)
Collections from forward, term, option and financial exchange agreements		(217,218)	(3,387,526)	(702,959)
Receipts from forward, term, option and financial exchange agreements		—	—	4,975,477
Net cash flows used in Investing Activities		**(113,916,317)**	**(103,131,070)**	**(166,775,736)**
Cash Flows generated from (used in) Financing Activities				
Proceeds from long-term loans obtained		—	—	73,087,596
Proceeds from short-term loans obtained		22,188,721	89,423,068	106,645,178
Loan payments		(47,288,156)	(130,503,764)	(167,480,619)
Financial lease liability payments		(5,533,160)	(3,160,000)	(6,903,487)
Dividend payments by the reporting entity		(67,591,930)	(54,319,681)	(52,268,909)
Net cash flows used in Financing Activities		**(98,224,525)**	**(98,560,377)**	**(46,920,241)**
Net increase (decrease) in cash and cash equivalents before exchange differences		**11,305,718**	**63,217,783**	**1,818,454**
Effects of exchange differences on cash and cash equivalents		797,223	(13,571,278)	(2,280,146)
Net increase (decrease) in cash and cash equivalents		**12,102,941**	**49,646,505**	**(461,692)**
Cash and cash equivalents — beginning of year	4	129,160,939	79,514,434	79,976,126
Cash and cash equivalents - end of year	**4**	**141,263,880**	**129,160,939**	**79,514,434**

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

NOTE 1 - CORPORATE INFORMATION

Embotelladora Andina S.A. is registered under No. 00124 of the Securities Registry and is regulated by the Chilean Superintendence of Securities and Insurance (SVS) pursuant to Law 18.046.

The principal activities of Embotelladora Andina S.A. (hereafter “Andina” and together with its subsidiaries, the “Company”) are to produce and sell Coca-Cola products and other Coca-Cola beverages. After the merger and recent acquisitions, the Company has operations in Chile, Brazil, Argentina and Paraguay. In Chile, the geographic areas in which the Company has distribution franchises are regions II, III, IV, XI, XII, Metropolitan Region, Rancagua and San Antonio. In Brazil, the Company has distribution franchises in the states of Rio de Janeiro, Espírito Santo, Niteroi, Vitoria, Nova Iguaçu, part of Sao Paulo and part of Minas Gerais. In Argentina, the Company has distribution franchises in the provinces of Mendoza, Córdoba, San Luis, Entre Ríos, Santa Fe, Rosario, Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro, La Pampa and the western zone of the Province of Buenos Aires. In Paraguay, the franchised territory covers the whole country. The Company has distribution licenses from The Coca-Cola Company in all of its territories: Chile, Brazil, Argentina and Paraguay. Licenses for the territories in Chile expire in 2018 and 2019; in Argentina in 2017 (in the renewal process); in Brazil in 2017 (in the renewal process) and in Paraguay they expire in 2020. The Coca-Cola Company chooses to grant all of these licenses, and Management expects to be renewed under similar conditions on the date of expiration.

As of December 31, 2016, the Freire Group and its related companies hold 55.68% of the outstanding shares with voting rights, corresponding to the Series A shares.

The head office of Embotelladora Andina S.A. is located on Miraflores 9153, municipality of Renca, Santiago, Chile. Its taxpayer identification number is 91.144.000-8.

NOTE 2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Periods covered

These Consolidated financial statements encompass the following periods:

Consolidated statement of financial position: At December 31, 2016 and 2015.

Consolidated income statements by function and comprehensive income: For the periods ended December 31, 2016, 2015 and 2014.

Consolidated statements of direct cash flows: For the periods ended December 31, 2016, 2015 and 2014.

Consolidated statements of changes in equity: For the periods ended December 31, 2016, 2015 and 2014.

2.2 Basis of preparation

The Company's Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB").

As explained in note 9.1, on September 29, 2014 Law No. 20,780 was issued, which introduces modifications to the income tax system in Chile and other tax matters. On October 17, 2014 the Chilean Superintendence of Securities and Insurance (the "SVS") issued Circular No. 856, which established that the effects of the change in the income tax rates on deferred tax assets and liabilities must be recognized directly within "Retained earnings" instead of the income statement as required by IAS 12.

In order to comply with IAS 12, financial statements as of December 31, 2014 are different to those presented to the SVS as the aforementioned effect has been recognized within the income statement. A reconciliation of such differences is presented as follows:

As of December 31, 2014

	Consolidated Financial Statements for SEC ThCh$	Consolidated Financial Statements for SVS ThCh$	Difference ThCh$
Total Equity			
Equity holders of the parent			
Retained earnings			
Net income (loss) for the period	51,875,084	75,490,235	(23,615,151)
Retained earnings for the last period	195,942,855	172,327,704	23,615,151
Total retained earnings	**247,817,939**	**247,817,939**	—
Non-controlling interest			
Retained earnings			
Net income (loss) for the period	159,008	317,203	(158,195)
Retained earnings for the last period	21,544,230	21,386,035	158,195
Total retained earnings	**21,703,238**	**21,703,238**	—

The consolidated financial statements are presented under the historical cost criteria, although modified by the revaluation of certain financial instruments and derivative instruments.

The Company's 2016 local statutory consolidated financial statements in spanish were approved by the Company's Board of Directors on February 28, 2017, with subsequent events first being considered through that date. Those local statutory consolidated financial statements consisted of consolidated statement of financial position as of December, 31 2016 and 2015 along with consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows (and related disclosures), each for the two years then ended. Those consolidated financial statements were then subsequently approved by the Company's shareholders during its April 26, 2017 meeting.

Included in this 2016 consolidated financial statements are consolidated statement of financial position as of December 31, 2016 and 2015, along with consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows (and the related disclosures) for each of the three years ended December 31, 2016, 2015 and 2014. This three year presentation of operations, changes in equity and of cash flows is required by the rules of the United States Securities and Exchange Commission. Other than such three year presentation and disclosure and the effect of the change in the income tax rates on deferred tax assets and liabilities were directly recognized within "Retained Earnings" in the Company's 2014 local statutory consolidated financial statements instead of the income statement for the period ended December 31, 2014 , the accompanying English language IFRS consolidated financial statements are consistent with the previously issued local statutory consolidated financial statements. This three year English language IFRS consolidated financial statements were approved for issuances by the Board of Directors during a session held on April 26, 2017, with subsequent events considered through this later date.

2.3 Basis of consolidation

2.3.1 Subsidiaries

These consolidated financial statements incorporate the financial statements of the Company and the companies controlled by the Company (its subsidiaries). Control is obtained when the Company has power over the investee, when it has exposure or is entitled to variable returns from its involvement in the investee and when it has the ability to use its power to influence the amount of investor returns. They include assets and liabilities as of December 31, 2016 and 2015 and results of operations and cash flows for the periods between January 1 and December 31, 2016, 2015 and 2014. Income or losses from subsidiaries acquired or sold are included in the consolidated financial statements from the effective date of acquisition through to the effective date of disposal, as applicable.

The acquisition method is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, equity securities issued, liabilities incurred to the former owners of the acquire or assumed on the date that control is obtained. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are accounted for initially at their fair values at the acquisition date. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. All acquisition related costs are expensed in the period incurred.

Intercompany transactions, balances, income, expenses and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Company, where necessary.

The interest of non-controlling shareholders is presented in “Non-Controlling Interest” in the consolidated income statement and “Earnings attributable to non-controlling interests”, in the consolidated statement of changes in equity.

The consolidated financial statements include all assets, liabilities, income, expenses, and cash flows after eliminating intercompany balances and transactions.

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The list of subsidiaries included in the consolidation is detailed as follows:

		Holding control (percentage)					
		12-31-2016			12-31-2015		
Taxpayer ID	**Name of the Company**	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
59.144.140-K	Abisa Corp S.A.	—	99.99	99.99	—	99.99	99.99
Foreign	Aconcagua Investing Ltda.	0.71	99.28	99.99	0.71	99.28	99.99
96.842.970-1	Andina Bottling Investments S.A.	99.90	0.09	99.99	99.90	0.09	99.99
96.972.760-9	Andina Bottling Investments Dos S.A.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Andina Empaques Argentina S.A.	—	99.98	99.98	—	99.98	99.98
96.836.750-1	Andina Inversiones Societarias S.A.	99.98	0.01	99.99	99.98	0.01	99.99
76.070.406-7	Embotelladora Andina Chile S.A.	99.99	—	99.99	99.99	—	99.99
Foreign	Embotelladora del Atlántico S.A.	0.92	99.07	99.99	0.92	99.07	99.99
96.705.990-0	Envases Central S.A.	59.27	—	59.27	59.27	—	59.27
96.971.280-6	Inversiones Los Andes Ltda.	99.99	—	99.99	99.99	—	99.99
Foreign	Paraguay Refrescos S.A.	0.08	97.75	97.83	0.08	97.75	97.83
76.276.604-3	Red de Transportes Comerciales Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Rio de Janeiro Refrescos Ltda.	—	99.99	99.99	—	99.99	99.99
78.536.950-5	Servicios Multivending Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
78.775.460-0	Sociedad de Transportes Trans-Heca Limitada	—	—	—	—	99.99	99.99
78.861.790-9	Transportes Andina Refrescos Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
96.928.520-7	Transportes Polar S.A.	99.99	—	99.99	99.99	—	99.99
76.389.720-6	Vital Aguas S.A.	66.50	—	66.50	66.50	—	66.50
93.899.000-k	Vital Jugos S.A.	15.00	50.00	65.00	15.00	50.00	65.00

2.3.2 Investments accounted for under the equity method

Associates are all entities over which the Company exercises significant influence but does not have control. Investments in associates are accounted for using the equity method of accounting.

The Company's share in profit or loss in associates subsequent to the acquisition date is recognized in the income statement.

Unrealized gains in transactions between the Company and its associates are eliminated to the extent of the Company´s interests in those associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred. Accounting policies of the associates are changed, where necessary, to ensure conformity with the policies adopted by the Company.

2.4 Financial reporting by operating segment

IFRS 8 requires that entities disclose information on the results of operating segments. In general, this is information that Management and the Board of Directors use internally to assess performance of segments and allocate resources to them. Therefore, the following operating segments have been determined based on geographic location:

- Chilean operations
- Brazilian operations
- Argentine operations
- Paraguayan operations

2.5 Foreign currency translation

2.5.1 Functional currency and presentation currency

Items included in the financial statements of each of the entities in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Chilean pesos, which is the parent company's functional currency and the Company´s presentation currency.

2.5.2 Balances and transactions

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing on the dates of the transactions. Losses and gains in foreign currency resulting from the liquidation of these transactions and the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currency are recognized in the income statements under foreign exchange rate differences, except when they correspond to cash flow hedges; in which case they are presented in the statement of comprehensive income.

The exchange rates at the close of each of the periods presented were as follows:

	Exchange rate to the Chilean peso					
Date	US$ dollar	R$ Brazilian Real	A$ Argentine Peso	UF Unidad de Fomento	Paraguayan Guaraní	€ Euro
12.31.2016	669.47	205.42	42.13	26,347.98	0.116	705.60
12.31.2015	710.16	181.87	54.46	25,629.09	0.1217	774.61
12.31.2014	606.75	228.43	70.96	24,627.10	0.1311	738.05

2.5.3 Translation of foreign subsidiaries

The financial position and results of all entities in the Company (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for the statement of financial position are translated at the closing exchange rate as of the reporting date;

(ii) Income and expenses of the income statement are translated at average exchange rates for the period; and

(iii) All resulting translation differences are recognized in other comprehensive income.

The companies that have a functional currency different from the presentation currency of the parent company are:

Company	Functional currency
Rio de Janeiro Refrescos Ltda.	R$ Brazilian Real
Embotelladora del Atlántico S.A.	A$ Argentine Peso
Andina Empaques Argentina S.A.	A$ Argentine Peso
Paraguay Refrescos S.A.	G$ Paraguayan Guaraní

In consolidation, translation differences arising from the translation of net investments in foreign entities are recognized in other comprehensive income. Exchange differences from accounts receivable, which are considered part of an equity investment, are recognized as comprehensive income net of deferred taxes, if applicable. On disposal of the investment, such translation differences are recognized in the income statement as part of the gain or loss on the disposal of the investment.

2.6 Property, plant, and equipment

Assets included in property, plant and equipment are recognized at their historical cost or fair value on the IFRS transition date, less depreciation and cumulative impairment losses.

Historical cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the items less government subsidies resulting from the difference between market interest rates and the government´s preferential credit rates. Historical cost also includes revaluations and price-level restatements of opening balances (attributable cost) at January 1, 2009, in accordance with the exemptions in IFRS 1.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the items of property, plant and equipment will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement in the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The estimated useful lives by asset category are:

Assets	Range in years
Buildings	30-50
Plant and equipment	10-20
Warehouse installations and accessories	10-30
Software licenses, furniture and supplies	4-5
Motor vehicles	5-7
Other property, plant and equipment	3-8
Bottles and containers	2-8

The residual value and useful lives of assets are reviewed and adjusted at the end of each financial statement-reporting period, if appropriate.

When the value of an asset is greater than its estimated recoverable amount, the value is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant, and equipment are calculated by comparing the proceeds to the carrying amount and are charged to other expenses by function.

If there are items available for sale, and comply with the conditions of IFRS 5 "Non-current assets held for sale and discontinued operations" are separated from property, plant and equipment and are presented within current assets at the lower value between the book value and its fair value less selling costs.

2.7 Intangible assets and Goodwill

2.7.1 Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets of the subsidiary and the fair value of the non-controlling interest in the subsidiary on the acquisition date. Goodwill is recognized separately and tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses.

Gains and losses on the sale of an entity include the carrying amount of goodwill related to that entity.

Goodwill is assigned to each cash generating unit (CGU) or group of cash-generating units, from where it is expected to benefit from the synergies arising from the business combination. Such CGUs or groups of CGUs represent the lowest level in the organization at which goodwill is monitored for internal management purposes.

2.7.2 Distribution rights

Distribution rights are contractual rights to produce and distribute products under the Coca-Cola brand in certain territories in Argentina, Brazil, Chile and Paraguay that were acquired during Business Combination. Distribution rights are born from the process of valuation at fair value of the assets and liabilities of companies acquired in business combinations. Distribution rights have an indefinite useful life and are not amortized, as the Company believes that the agreements will be renewed indefinitely by the Coca-Cola Company with similar terms and conditions. They are subject to impairment tests on an annual basis.

2.7.3 Software

Carrying amounts correspond to internal and external software development costs, which are capitalized once the recognition criteria in IAS 38, *Intangible Assets*, have been met. Software is amortized in administrative expenses in the consolidated income statement over a period of four years.

2.8 Impairments of non-financial assets

Assets that have an indefinite useful life, such as intangibles related to distribution rights and goodwill, are not amortized and are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to amortization are tested for impairment whenever there is an event or change in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell or its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.9 Financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At each reporting date, the Company assesses if there is evidence of impairment for any asset or group of financial assets.

2.9.1 Financial assets at fair value through profit or loss

Fair value financial assets with changes in results are financial assets available for sale in the short term. A financial asset is classified under this category if it is acquired mainly for selling it in the short term. Assets in this category are classified as current assets.

Derivatives are also categorized as held for trading unless they are designated as hedges.

Gains or losses from changes in fair value of financial assets at fair value through profit and loss are recognized in the income statement under financial income or expense during the year in which they incur.

2.9.2 Loans and receivables

Loans and accounts receivable are financial assets with fixed and determinable payments that are not quoted in an active market period. Loans and receivables are not quoted in an active market. They are included in current assets, unless they are due more than 12 months from the reporting date, in which case they are classified as non-current assets. Loans and receivables are included in trade and other receivables in the consolidated statement of financial position and they are recorded at their amortized cost less a provision for impairment.

An impairment is recorded on trade accounts receivable when there is objective evidence that the Company may not be able to collect the full amount according to the original terms of the receivable, based either on individual or on global aging analyses. The loss is recognized in consolidated administrative expenses.

2.9.3 Financial assets held to maturity

Other financial assets corresponds to bank deposits that the Company's management has the positive intention and ability to hold until their maturity. They are recorded in current assets because they mature in less than 12 months from the reporting date and are carried at cost, which approximates their fair value considering their short-term nature.

Accrued interest is recognized in the consolidated income statement under financial income.

2.10 Derivatives financial instruments and hedging activities

The Company uses derivative financial instruments to mitigate risks relating to changes in foreign currency and exchange rates associated with raw materials, and loan obligations.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2.10.1 Derivative financial instruments designated as cash flow hedges

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement within “Other (losses) gains”

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when foreign currency denominated financial liabilities are translated into their functional currencies). The gain or loss relating to the effective portion of cross currency swaps hedging the effects of changes in foreign exchange rates are recognized in the consolidated income statement within “foreign exchange differences”. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement.

2.10.2 Derivative financial instruments not designated for hedging

The fair value of derivative financial instruments that do not qualify for hedge accounting pursuant to IFRS are immediately recognized in the consolidated income statement under “Other (losses) gains”. The fair value of these derivatives are recorded under “other current financial assets” or “other current financial liabilities” in the statement of financial position.”

The Company does not use hedge accounting for its foreign investments.

The Company also evaluates the existence of derivatives implicitly in financial instrument contracts to determine whether their characteristics and risks are closely related to the master agreement, as stipulated by IAS 39.

Fair value hierarchy

The Company records assets and liabilities as of December 31, 2016 and 2015 based on its derivative foreign exchange contracts, which are classified within other financial assets (current assets and non-current) and other current financial liabilities (current and non-current financial liabilities), respectively. These contracts are carried at fair value in the statement of financial position. The Company uses the following hierarchy for determining and disclosing financial instruments at fair value by valuation method:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the assets or liabilities that are not based on observable market data information.

During the reporting period there were no transfers of items between fair value measurement categories. All of which were valued during the period using Level 2.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs and manufacturing overhead (based on operating capacity) to bring the goods to marketable condition, but it excludes interest expense. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Estimates are also made for obsolescence of raw materials and finished products based on turnover and age of the related goods.

2.12 Trade receivables

Trade accounts receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, given their short-term nature. A provision for impairment is made when there is objective evidence that the Company may not be able to collect the full amount according to the original terms of the receivable, based either on individual or on global aging analyses. The carrying amount of the asset is reduced by the provision amount and the loss is recognized in administrative expenses in the consolidated income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits with banks and other short-term highly liquid and low risk of change in value investments with original maturities of three months or less.

2.14 Other financial liabilities

Resources obtained from financial institutions as well as the issuance of debt securities are initially recognized at fair value, net of costs incurred during the transaction. Then, liabilities are valued by accruing interests in order to equal the current value with the future value of liabilities payable, using the effective interest rate method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualified assets, considered as those that require a substantial period of time in order to get ready for their forecasted use or sale, are added to the cost of those assets until the period in which the assets are substantially ready to be used or sold. No borrowing costs have been capitalized for the reporting period.

2.15 Government subsidies

Government subsidies are recognized at fair value when it is certain that the subsidy will be received and that the Company will meet all the established conditions.

Subsidies for operating costs are deferred and recognized on the income statement in the period that the operating costs are incurred.

Subsidies for purchases of property, plant and equipment are deducted from the costs of the related asset in property, plant and equipment and depreciation is recognized on the income statement, on a straight-line basis during the estimated useful life of the related asset.

2.16 Income tax

The Company and its subsidiaries in Chile account for income tax according to the net taxable income calculated based on the rules in the Income Tax Law. Subsidiaries in other countries account for income taxes according to the tax regulations of the country in which they operate.

Deferred income taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using the tax rates that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The Company does not recognize deferred income taxes for temporary differences from investments in subsidiaries in which the Company can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the near future. The amount of deferred tax not recognized in this connection amounted to ThCh$ 80.029.807 at December 31, 2016 (ThCh$ 77,921,832 at December 31, 2015).

2.17 Employee benefits

The Company has a provision to cover indemnities for years of service that will be paid to employees in accordance with individual and collective agreements subscribed with employees, which is recorded at actuarial value in accordance with IAS 19.

Results from updated of actuarial variables are recorded within other comprehensive income in accordance with IAS 19.

Additionally the Company has retention plans for some officers, which have a provision pursuant to the guidelines of each plan. These plans grant the right to certain officers to receive a cash payment on a certain date once they have fulfilled with the required years of service.

The Company and its subsidiaries have recorded a provision to account for the cost of vacations and other employee benefits on an accrual basis. These liabilities are recorded under employee benefits current provisions.

2.18 Provisions

Provisions for litigation and other contingencies are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.19 Leases

a) Operating leases

Operating lease payments are recognized as an expense on a straight-line basis over the term of the lease.

b) Finance leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges.The interest element is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.20 Deposits for returnable containers

This liability comprises of cash collateral, or deposit, received from customers for bottles and other returnable containers made available to them.

This liability pertains to the deposit amount that is reimbursed when the customer or distributor returns the bottles and containers in good condition, together with the original invoice. The liability is estimated based on the number of bottles given to clients and distributors, the estimated amount of bottles in circulation, and a historical average weighted value per bottle or containers.

Deposits for returnable containers are presented as a current liability in other financial liabilities because the Company does not have legal rights to defer settlement for a period in excess of one year. However, the Company does not anticipate any material cash settlements for such amounts during the upcoming year.

2.21 Revenue recognition

Revenues from regular activities include fair value of the consideration received or to be received for goods sold during the regular course of the Company's activities. This revenue is presented net of VAT, reimbursements, deductions and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the Company.

Revenues are recognized once the products are physically delivered to customers.

2.22 Contributions of The Coca-Cola Company

The Company receives certain discretionary contributions from The Coca-Cola Company related to the financing of advertising and promotional programs for its products in the territories where it has distribution licenses. The contributions received are recorded as a reduction in marketing expenses in the consolidated income statement. Given its discretionary nature, the portion of contributions received in one period does not imply it will be repeated in the following period.

In certain limited situations, there is a legally binding agreement with The Coca-Cola Company through which the Company receives contributions for the building and acquisition of specific items of property, plant and equipment. In such situations, payments received pursuant to these agreements are recorded as a reduction of the cost of the related assets.

2.23 Dividend payments

Dividend distribution to Company shareholders is recorded as a liability in the Company's consolidated financial statements, considering the 30% minimum dividend of the period's earnings established by Chilean Corporate Law.

2.24 Critical accounting estimates and judgments

The Company makes estimates and judgments concerning the future. Actual results may differ from previously estimated amounts. The estimates and judgments that might have a material impact on future financial statements are explained below:

2.24.1 Impairment of goodwill and intangible assets with indefinite useful lives

The Company test annually whether goodwill and intangible assets with indefinite useful life (such as distribution rights) have suffered any impairment. The recoverable amounts of cash generating units are generating units are determined based on value in use calculations. The key variables used in the calculations include sales volumes and prices, discount rates, marketing expenses and other economic factors including inflation. The estimation of these variables requires a use of estimates and judgments as they are subject to inherent uncertainties; however, the assumptions are consistent with the Company´s internal planning end past results. Therefore, management evaluates and updates estimates according to the conditions affecting the variables. If these assets are considered to have been impaired, they will be written off at their estimated fair value or future recovery value according to the discounted cash flows analysis. Discounted cash flows in the Company's cash generating units in Chile, Brazil, Argentina and Paraguay generated a higher value than the carrying values of the respective net assets, including goodwill.

2.24.2 Fair Value of Assets and Liabilities

IFRS requires in certain cases that assets and liabilities be recorded at their fair value. Fair value is the price that would be received for selling an asset or paid to transfer a liability in a transaction ordered between market participants at the date of measurement.

The basis for measuring assets and liabilities at fair value are their current prices in an active market. For those that are not traded in an active market, the Company determines fair value based on the best information available by using valuation techniques.

In the case of the valuation of intangibles recognized as a result of acquisitions from business combinations, the Company estimates the fair value based on the "multi-period excess earning method", which involves the estimation of future cash flows generated by the intangible assets, adjusted by cash flows that do not come from these, but from other assets. The Company also applies estimations over the period during which the intangible assets will generate cash flows, cash flows from other assets, and a discount rate.

Other assets acquired and liabilities assumed in a business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances. Assumptions include the depreciated cost of recovery and recent transaction values for comparable assets, among others. These valuation techniques require certain inputs to be estimated, including the estimation of future cash flows.

2.24.3 Allowances for doubtful accounts

The Company evaluates the collectability of trade receivables using several factors. When the Company becomes aware of a specific inability of a customer to fulfill its financial commitments, a specific provision for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the amount that the Company estimates to be able to collect. In addition to specific provisions, allowances for doubtful accounts are also determined based on historical collection history and a general assessment of trade receivables, both outstanding and past due, among other factors.

2.24.4 Useful life, residual value and impairment of property, plant, and equipment

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to the Company's business model, or changes in its capital strategy might modify the effective useful lives as compared to our estimates. Whenever the Company determines that the useful life of property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned usage of manufacturing equipment, dispensers, transportation equipment and computer software could make the useful lives of assets shorter. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of any of those assets may not be recovered. The estimate of future cash flows is based, among other factors, on certain assumptions about the expected operating profits in the future. The Company's estimation of discounted cash flows may differ from actual cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in operating profit. If the sum of the projected discounted cash flows (excluding interest) is less than the carrying amount of the asset, the asset shall be written-off to its estimated recoverable value.

2.24.5 Liabilities for deposits of returnable container

The Company records a liability for deposits received in exchange for bottles and containers provided to its customers and distributors. This liability represents the amount of deposits that must be reimbursed if the customer or distributor returns the bottles and containers in good condition, together with the original invoice. This liability is estimated based on the number of bottles given on loan to customers and distributors, estimates of bottles in circulation and the weighted average historical cost per bottle or container. Management makes several assumptions in order to estimate this liability, including the number of bottles in circulation, the amount of deposit that must be reimbursed and the timing of disbursements.

2.25 New IFRS and interpretations of the IFRS Interpretations Committee (IFRSIC)

a) First time mandatory adoption of standards, interpretations and amendments for the financial periods beginning January 1, 2016:

Amendments and improvements

Amendment to IFRS 11 "Joint arrangements", on the acquisition of an interest in a joint operation — Issued in May 2014. This amendment incorporates guidance to the standard regarding how to account for the acquisition of an interest in a joint operation that represents a business, specifying the appropriate accounting treatment for said acquisitions.

Amendment to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets", on depreciation and amortization — Issued in May 2014. Clarifies that revenue in general is an inappropriate basis to measure the consumption of economic benefits that are incorporated in the intangible asset or in an element of property, plant and equipment and, therefore, there is a rebuttable assumption that the depreciation or amortization method based on revenue, is not appropriate.

Amendment to IAS 27 “Separate financial statements”, on equity method. Issued in August 2014. This amendment allows entities to use the equity method when recognizing investments in subsidiaries, joint ventures and associates in separate financial statements.

Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in associates and joint ventures.” - Issued in September 2014. This amendment addresses a conflict between IFRS 10 and IAS 28 requirements on the treatment of the sale or contribution of goods between an investor and its associate or joint venture. The main consequence of these amendments is that a full gain or loss is recognized when the transaction involves a business (whether the business is housed in a subsidiary or not) and a partial gain or loss when the transaction involves assets that do not belong to a business, even when these assets are housed in a subsidiary.

Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in associates and joint ventures.” - Issued in December 2014. This amendment clarifies the application of the consolidation exception for investment entities and its subsidiaries. Amendment to IFRS 10 clarifies the consolidation exception available for entities in group structures that include investment entities. Amendment to IAS 28 allows an entity that is not an investment entity but has an interest in an associate or joint venture of an investment entity, the option of accounting policy when applying the equity method. The entity may opt to keep the fair value measurement applied by the associate or joint venture, which is an investment entity, or instead, consolidate at the investment entity (associate or joint venture) level.

Amendment to IAS 1 “Presentation of financial statements”. Published in December 2014. The amendment clarifies the application guide of IAS 1 on materiality and aggregation, presentation of subtotals, structure of the financial statements and disclosure of accounting policies. Modifications are part of IASB’s Disclosure Initiative.

Improvements to International Financial Reporting Standards (2014) Amendments issued in September 2014.

IFRS 5, “Non-current assets held for sale and interrupted operations” The amendment clarifies that, when an asset (or disposal group) is reclassified from “held for sale” to “held for distribution”, or vice versa, this does not constitute an amendment to a sale or distribution plan, and does not have to be accounted for as such. This means that the asset (or disposal group) need not be reinstalled in the financial statements as if it had never been classified as “held for sale” or “held for distribution ‘, simply because the disposal conditions have changed. The amendment also corrects an omission in the standard explaining that guidelines on changes of a sales plan should be applied to an asset (or disposal group) that is no longer held for distribution, but that is not reclassified as “held for sale”.

IFRS 7 “Financial Instruments: Disclosures”. There are two amendments to IFRS 7. (1) Service contracts: If an entity transfers a financial asset to a third party under conditions that allow the assignor to dispose the asset, IFRS 7 requires disclosure of any type of continued involvement the entity may still have in the transferred asset. IFRS 7 provides guidance on what continued involvement means in this context. The amendment is prospective with the option of retroactive application. This also affects IFRS 1 to give the same choice to those who apply IFRS for first time. (2) Interim financial statements: the amendment clarifies that the additional disclosure required by the amendments of IFRS 7, “Compensation of financial assets and liabilities” is not specifically required for all interim periods, unless required by IAS 34. The amendment is retroactive.

IAS 19, “Employee benefits”-the amendment clarifies that, to determine the discount rate for post-employment benefits obligations, what is important is the currency in which liabilities are denominated and not the country where they are generated. The assessment of whether there is a market for high-quality corporate bonds is based on corporate bonds in that currency, not in corporate bonds in a country in particular. Similarly, where there is a market for high quality corporate bonds in that currency, Government bonds should be used in the corresponding currency. The amendment is retroactive but limited to the beginning of the first period presented.

IAS 34, “Interim financial reports” - the amendment clarifies what is meant by the reference in the standard to “information disclosed elsewhere in the interim financial report”. The new amendment modifies IAS 34 to require a cross-reference of the interim financial statements to the location of that information. The amendment is retroactive.

The adoption of standards, amendments and interpretations have no significant impact on the consolidated financial statements of the Company.

b) Standards, interpretations and amendments issued, whose application is not mandatory, for which no early adoption has been adopted:

Standards and interpretations	**Mandatory for the years beginning**
IFRS 9 “Financial Instruments” — Published in July 2014. IASB has published the complete version of IFRS 9 that replaces the application guide for IAS 39. This final version includes requirements relating to classification and measurement of financial assets and liabilities and a model of expected credit losses that replaces the incurred loss impairment model. Regarding hedge accounting that forms part of this final version of IFRS 9, it had already been published in November 2013. Early adoption is allowed.	01/01/2018
IFRS 15 “Revenues from contracts with customers” — Published in May 2014. It sets the principles that should be applied by an entity for the presentation of useful information to financial statements users regarding the nature, amount, opportunity and uncertainty of revenues and cash flows from contracts with customers. The base principal is that an entity will recognize revenues that represent the transfer of goods or services committed to customers in an amount that reflects the consideration to which the entity expects to have a right to in exchange for those goods or services. Its application replaces IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programs; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue - Barter Transactions Involving Advertising Services. Early application is allowed.	01/01/2018
IFRS 16 “Leases”-issued in January 2016 establishes the principle for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces the current IAS 17 and introduces a unique lessee accounting model and requires a tenant to recognize assets and liabilities of all leases with a term of more than 12 months, unless the underlying asset is of low value. The goal is to ensure that lessees and lessors provide relevant information that faithfully represents the transactions. IFRS 16 is effective for annual	01/01/2019

periods beginning on or after the January 1, 2019, early application is permitted for entities that apply IFRS 15 or before the date of the initial application of IFRS 16.	
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”. Issued December 2016. This interpretation applies to a transaction in foreign currency (or part of it) when an entity recognizes a non-financial asset or a non-financial liability arising from the prepayment or recovery in advance of the recognition of the related asset, expense or income (or the corresponding part). The interpretation provides guidance regarding the date of a transaction (payment/collection), and also for multiple transactions. The purpose of this interpretation is that of reducing diversity in practice.	01/01/2018

Amendments and improvements	**Mandatory for the years beginning from**
Amendment to IAS 7 “Cash Flow Statement”. Issued in February 2016. The amendment introduces additional disclosure that allows users of the financial statements to assess changes in liabilities coming from financial activities.	01/01/2017
Amendment to IAS 12 “Income taxes”. Issued in February 2016. The amendment clarifies how to account for assets of deferred taxes regarding debt instruments valued a fair value.	01/01/2017
Amendment to IFRS 2 “Share-based payment”. Issued in June 2016. The amendment clarifies the measurement of share-based payments settled in cash and accounting for changes in premium charges. In addition, it introduces an exception to IFRS 2 principles that will require treatment of the premiums as if it were all liquidation as an equity instrument, when the employer is required to withhold the tax related to share-based payments.	01/01/2018
Amendment to IFRS 15 “Revenue from Contracts with Customers”. Issued in April 2016. The amendment clarifies guidance on identifying performance obligations in contracts with customers, licensing and assessing principal versus agent considerations (gross versus net presentation of income). It includes new and amended illustrative examples as guidance, as well as practical examples regarding the transition to the new standard on income.	01/01/2018
Amendment to IFRS 12 “ Disclosure of Interests in Other Entities”. Issued December 2016. The amendment clarifies the scope of this standard. These amendments should apply retroactively for annual periods beginning on or after 1 January 2017.	01/01/2018
Amendment to IAS 28 “Investment in Associates and Joint Ventures” regarding the measurement at fair value of the associate or joint venture. Issued December 2016.	01/01/2018

The Company's management believes that the adoption of the standards, amendments and interpretations described above but not yet effective would not have a significant impact on the Company's consolidated financial statements in the year of their first application, except for IFRS 15 and IFRS 16:

(1) IFRS 15 Revenue from Contracts with Customers supersedes actual standard for revenue recognition that actually uses the Company, as IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standards supersedes IFRS 15 supersedes, IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

We are currently evaluating how the adoption of the revenue recognition standard will impact our Consolidated Financial Statements. We currently believe the adoption will not have a significant impact.

(2) The IFRS 16 Leases add important changes in the accounting for lessees by introducing a similar treatment to financial leases for all operating leases with a term of more than 12 months. This mean, in general terms, that an asset should be recognized for the right to use the underlying leased assets and a liability representing its present value of payments associate to the agreement. Monthly leases payments will be replace by the asset depreciation and a financial cost in the income statement.

We are assessing the impact the adoption of the new lease accounting standard would have over the consolidated financial statements, however, considering the existing operating leases and based on the Company's current operating structure, we estimate that the increase of assets and liabilities in our consolidated financial statements would amount to ThCh $4,639,700.

NOTE 3 — REPORTING BY SEGMENT

The Company provides information by segments according to IFRS 8 “Operating Segments,” which establishes standards for reporting by operating segment and related disclosures for products and services, and geographic areas.

The Company’s Board of Directors and Management measures and assesses performance of operating segments based on the operating income of each of the countries where there are Coca-Cola franchises.

The operating segments are determined based on the presentation of internal reports to the Company´s chief operating decision-maker. The chief operating decision-maker has been identified as the Company´s Board of Directors who makes the Company’s strategic decisions.

The following operating segments have been determined for strategic decision making based on geographic location:

- Operation in Chile
- Operation in Brazil
- Operation in Argentina
- Operation in Paraguay

The four operating segments conduct their businesses through the production and sale of soft drinks and other beverages, as well as packaging materials.

Expenses associated with the Corporate Office were allocated to the operation in Chile since Chile is the country that manages and pays for corporate expenses, which also are substantially incurred independently from the existence of foreign susbsidiaries.

Total revenues by segment include sales to unrelated customers and inter-segments, as indicated in the consolidated statement of income.

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A summary of the Company's operating segments in accordance to IFRS is as follows:

For the period ended December 31, 2016	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Softdrinks	391,479,133	424,427,824	389,048,385	106,953,951	(334,784)	1,311,574,509
Other beverages	148,948,285	83,518,724	201,097,188	25,051,552	—	458,615,749
Packaging	—	9,112,468	—	—	(1,843,406)	7,269,062
Net sales	**540,427,418**	**517,059,016**	**590,145,573**	**132,005,503**	**(2,178,190)**	**1,777,459,320**
Cost of sales	(319,213,825)	(279,308,400)	(359,156,149)	(78,409,843)	2,178,190	(1,033,910,027)
Distribution expenses	(52,540,986)	(80,066,734)	(44,107,337)	(6,961,838)	—	(183,676,895)
Administrative expenses	(117,615,991)	(97,788,860)	(109,345,331)	(21,452,613)	—	(346,202,795)
Finance income	2,426,279	1,095,411	5,800,712	339,290	—	9,661,692
Finance expense	(16,262,215)	(587,216)	(34,504,760)	(20,780)		(51,374,971)
Interest expense, net*	(13,835,936)	508,195	(28,704,048)	318,510	—	(41,713,279)
Share of the entity in income of associates accounted for using the equity method, total	717,947	—	(980,529)	—	—	(262,582)
Income tax expense	(19,763,700)	(17,427,278)	(8,911,762)	(2,704,353)	—	(48,807,093)
Other income (loss)	(13,481,333)	(8,284,072)	(9,322,611)	250,478	—	(30,837,538)
Net income of the segment reported	**4,693,594**	**34,691,867**	**29,617,806**	**23,045,844**	**—**	**92,049,111**
Depreciation and amortization	43,619,318	16,445,143	25,666,094	11,603,897	—	97,334,452
Current assets	251,357,854	115,280,140	150,820,924	35,283,479	—	552,742,397
Non-current assets	644,817,201	98,810,807	659,123,444	243,615,898	—	1,646,367,350
Segment assets, total	**896,175,055**	**214,090,947**	**809,944,368**	**278,899,377**	**—**	**2,199,109,747**
Carrying amount in associates and joint ventures accounted for using the equity method, total	23,854,602	—	53,343,179	—	—	77,197,781
Capital expenditures and other	47,755,389	37,029,524	51,779,625	9,239,522	—	145,804,060
Current liabilities	137,438,744	134,624,014	130,279,607	17,192,489	—	419,534,854
Non-current liabilities	509,625,208	(1,981,066)	413,749,384	16,011,340	—	937,404,866
Segment liabilities, total	**647,063,952**	**132,642,948**	**544,028,991**	**33,203,829**	**—**	**1,356,939,720**
Cash flows provided by in Operating Activities	71,077,982	54,162,992	67,963,682	30,241,904	—	223,446,560
Cash flows (used in) provided by Investing Activities	(15,781,118)	(37,017,204)	(51,873,047)	(9,244,948)	—	(113,916,317)
Cash flows (used in) provided by Financing Activities	(23,591,062)	(17,777,191)	(36,806,173)	(20,050,099)	—	(98,224,525)

(*) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

For the period ended December 31, 2015	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Softdrinks	375,993,430	523,460,939	417,508,814	105,709,646	(281,091)	1,422,391,738
Other beverages	138,739,166	93,409,514	189,538,968	24,329,754	—	446,017,402
Packaging	—	10,387,685	—	—	(1,402,569)	8,985,116
Net sales	**514,732,596**	**627,258,138**	**607,047,782**	**130,039,400**	**(1,683,660)**	**1,877,394,256**
Cost of sales	(309,387,177)	(351,139,902)	(369,212,113)	(78,650,614)	1,683,660	(1,106,706,146)
Distribution expenses	(51,642,087)	(97,485,454)	(46,571,390)	(6,791,861)	—	(202,490,792)
Administrative expenses	(105,959,018)	(115,611,438)	(109,802,964)	(21,227,426)	—	(352,600,846)
Finance income	1,859,795	1,669,559	6,239,526	349,495	—	10,118,375
Finance expense	(16,699,299)	(3,916,370)	(35,021,529)	(32,019)	—	(55,669,217)
Interest expense, net*	(14,839,504)	(2,246,811)	(28,782,003)	317,476	—	(45,550,842)
Share of the entity in income of associates accounted for using the equity method, total	777,620	—	(3,105,449)	—	—	(2,327,829)
Income tax expense	(14,949,823)	(16,740,817)	(6,887,666)	(3,064,256)	—	(41,642,562)
Other income (loss)	(15,363,727)	(9,902,996)	(10,809,496)	(1,901,094)	—	(37,977,313)
Net income of the segment reported	**3,368,880**	**34,130,720**	**31,876,701**	**18,721,625**	**—**	**88,097,926**
Depreciation and amortization	40,083,270	21,171,806	26,572,048	12,805,208	—	100,632,332
Current assets	256,380,151	111,228,338	145,809,121	33,992,246	—	547,409,856
Non-current assets	668,605,326	102,027,611	631,923,188	259,395,043	—	1,661,951,168
Segment assets, total	**924,985,477**	**213,255,949**	**777,732,309**	**293,387,289**	**—**	**2,209,361,024**
Carrying amount in associates and joint ventures accounted for using the equity method, total	17,793,784	—	36,396,762	—	—	54,190,546
Capital expenditures and other	50,042,740	30,056,170	25,745,746	7,469,941	—	113,314,597
Current liabilities	81,766,688	113,185,338	164,173,404	21,448,780	—	380,574,210
Non-current liabilities	571,635,493	6,708,979	381,506,922	17,401,120	—	977,252,514
Segment liabilities, total	**653,402,181**	**119,894,317**	**545,680,326**	**38,849,900**	**—**	**1,357,826,724**
Cash flows provided by in Operating Activities	105,897,100	83,290,552	66,272,643	9,448,935	—	264,909,230
Cash flows (used in) provided by Investing Activities	(40,431,754)	(28,732,653)	(29,150,493)	(4,816,170)	—	(103,131,070)
Cash flows (used in) provided by Financing Activities	(50,804,304)	(15,529,951)	(31,576,973)	(649,149)	—	(98,560,377)

(*) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

For the period ended December 31, 2014	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Softdrinks	363,123,062	391,798,772	490,931,489	106,579,478	(190,520)	1,352,242,281
Other beverages	128,948,478	61,533,214	224,796,810	22,916,498	—	438,195,000
Packaging	—	7,670,802	—	—	(908,206)	6,762,596
Net sales	**492,071,540**	**461,002,788**	**715,728,299**	**129,495,976**	**(1,098,726)**	**1,797,199,877**
Cost of sales	(296,893,869)	(265,287,659)	(440,654,978)	(79,505,628)	1,098,726	(1,081,243,408)
Distribution expenses	(50,807,225)	(74,059,744)	(55,131,215)	(7,044,659)	—	(187,042,843)
Administrative expenses	(101,676,504)	(87,897,233)	(130,689,621)	(21,877,574)	—	(342,140,932)
Finance income	3,453,892	240,844	4,680,739	280,148	—	8,655,623
Finance expense	(16,939,606)	(8,416,222)	(39,454,670)	(270,933)	—	(65,081,431)
Interest expense, net*	(13,485,714)	(8,175,378)	(34,773,931)	9,215	—	(56,425,808)
Share of the entity in income of associates accounted for using the equity method, total	(212,439)	—	1,403,408	—	—	1,190,969
Income tax expense	(28,215,677)	(5,904,815)	(8,959,990)	(2,273,953)	—	(45,354,435)
Other income (loss)	(21,101,524)	(5,814,509)	(6,900,864)	(332,431)	—	(34,149,328)
Net income of the segment reported	**(20,321,412)**	**13,863,450**	**40,021,108**	**18,470,946**	**—**	**52,034,092**
Depreciation and amortization	38,707,146	18,372,306	32,702,078	13,185,395	—	102,966,925
Current assets	252,116,763	100,705,367	165,690,695	35,223,376	—	553,736,201
Non current assets	640,425,454	126,044,044	664,110,834	284,856,758	—	1,715,437,090
Segment assets, total	**892,542,217**	**226,749,411**	**829,801,529**	**320,080,134**	**—**	**2,269,173,291**
Carrying amount in associates and joint ventures accounted for using the equity method, total	17,684,657	—	48,365,556	—	—	66,050,213
Capital expenditures and other	45,109,547	25,724,227	30,280,491	13,102,590	—	114,216,855
Current liabilities	86,641,700	125,942,946	172,228,688	25,399,093	—	410,212,427
Non-current liabilities	527,235,725	15,151,169	379,280,707	18,295,530	—	939,963,131
Segment liabilities, total	**613,877,425**	**141,094,115**	**551,509,395**	**43,694,623**	**—**	**1,350,175,558**
Cash flows provided by in Operating Activities	84,409,260	31,798,589	76,107,895	23,198,687	—	215,514,431
Cash flows used in Investing Activities	(100,090,488)	(25,297,402)	(25,663,739)	(15,724,107)	—	(166,775,736)
Cash flows provided by (used in) Financing Activities	(2,382,266)	(11,603,894)	(31,087,316)	(1,846,765)	—	(46,920,241)

(*) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

NOTE 4 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

Description	12.31.2016	12.31.2015
	ThCh$	ThCh$
By item		
Cash	361,797	633,010
Bank balances	27,536,924	28,208,845
Time deposits	1,879	11,621,566
Mutual funds	113,363,280	88,697,518
Total cash and cash equivalents	**141,263,880**	**129,160,939**

	ThCh$	ThCh$
By currency		
Dollar	53,073,628	13,598,302
Euro	4,926	1,859
Argentine Peso	5,105,633	27,168,042
Chilean Peso	48,891,546	35,545,272
Paraguayan Guaraní	8,115,946	9,631,669
Brazilian Real	26,072,201	43,215,795
Total cash and cash equivalents	**141,263,880**	**129,160,939**

4.1 Time deposits

Time deposits defined as cash and cash equivalents are detailed as follows:

Placement	Institution	Currency	Principal	Annual rate	12.31.2016
			ThCh$	%	ThCh$
12/7/2016	Plazo Fijo Banco Galicia	Argentinean pesos	1,853	17.00%	1,879
Total					**1,879**

Placement	Institution	Currency	Principal	Annual rate	12.31.2015
			ThCh$	%	ThCh$
11-11-2015	Banco HSBC	Chilean pesos	6,900,000	0.37%	6,941,975
12-31-2015	Banco Regional S.A.E.C.A.	Paraguayan guaraníes	2,952,717	4.00%	2,952,717
12-31-2015	Banco Galicia	US$ Dollars	1,420,320	2.80%	1,420,425
12-03-2015	Banco Santander Rio	Argentine pesos	136,150	25.75%	138,852
12-14-2015	Banco Santander Rio	Argentine pesos	92,582	26.32%	93,748
12-11-2015	Banco Industrial	Argentine pesos	70,798	27.00%	71,865
12-09-2015	Banco Galicia	Argentine pesos	1,943	0.37%	1,984
		Total			**11,621,566**

4.2 Money Market

Money market mutual fund´s shares are valued using the share values at the close of each reporting period. Below is a description for the end of each period:

Institution	12.31.2016	12.31.2015
	ThCh$	ThCh$
Mutual fund Corporativo Banchile - Chile	6,305,390	15,629,654
Mutual fund Banco Estado - Chile	14,375,037	—
Wester Asset Institutional Cash Reserves - USA	46,207,447	7,454,378
Mutual fund Itaú - Brasil	9,097,387	—
Mutual fund Bradesco - Brasil	6,299,734	10,686,106
Mutual fund Santander - Brasil	6,287,332	11,457,193
Mutual fund Banco Santander - Chile	8,242,619	—
Mutual fund Banco Security - Chile	5,214,179	—
Mutual fund Banco Bice - Chile	4,616,379	—
Fund Fima Ahorro Pesos C - Argentina	—	12,572,400
Fund Fima Premium B - Argentina	3,717,158	435,894
Fund Fima Ahorro Plus C - Argentina	—	12,561,861
Mutual fund Soberano Banco Itaú - Brasil	—	17,719,483
Mutual fund Itaú - Chile	1,500,306	—
Mutual fund Scotiabank - Chile	1,500,312	—
Mutual fund Wells Fargo - USA	—	180,549
Total mutual fund	**113,363,280**	**88,697,518**

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NOTE 5 — OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

Below are the financial instruments held by the Company other than cash and cash equivalents. They consist of time deposits with short-term maturities (more than 90 days), restricted mutual funds and derivative contracts. Financial instruments are detailed as follows:

a) Current portion 2016

a.1 Time deposits

Placement	Maturity	Institution	Currency	Principal ThCh$	Annual rate %	12-31-2016 ThCh$
01-15-2016	01-04-2017	Banco HSBC - Chile	Unidad de fomento	5.000.000	1.35%	5,207,907
02-25-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	6.000.000	1.09%	6,209,086
04-22-2016	02-13-2017	Banco HSBC - Chile	Unidad de fomento	5.000.000	1.25%	5,135,282
06-24-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	5.000.000	1.11%	5,088,450
08-31-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	7.000.000	1.50%	7,072,864
08-31-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	3.000.000	1.24%	3,028,570
10-19-2016	02-24-2017	Banco HSBC - Chile	Unidad de fomento	2.000.000	2.30%	2,017,503
11-09-2016	02-13-2017	Banco HSBC - Chile	Unidad de fomento	5.000.000	3.48%	5,038,755
11-24-2016	05-08-2017	Banco HSBC - Chile	Unidad de fomento	10.000.000	2.85%	10,046,439
11-24-2016	05-08-2017	Banco HSBC - Chile	Unidad de fomento	5.000.000	2.85%	5,023,219
03-15-2016	03-15-2017	Banco Votoratim - Brasil	Brazilean reais	19.926	8.82%	21,632
Subtotal						**53,889,707**

a.2 Rights in Forward Contracts	
Rights in Forward Contracts (see details in Note 20)	4,678,343
a.3 Funds in Guaranty	
Funds in guaranty for Rofez derivative operations — Argentina (1)	1,584,577
Total other Financial Assets, current	**60,152,627**

(1) Corresponds to funds that should remain restricted according to the partial results for derivative operations in Argentina.

b) Non-current 2016

	12.31.2016 ThCh$
Derivative futures contracts	
Derivative futures contracts (see note 20)	80,180,880
Total other non-current financial assets	**80,180,880**

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c) Current portion 2015

Time deposits

Placement	Maturity	Institution	Currency	Principal ThCh$	Annual rate %	12.31.2015 ThCh$
05-15-2015	02-11-2016	Banco BTG Pactual- Chile	Unidad de fomento	4,000,000	1.15%	4,159,405
05-15-2015	02-11-2016	Banco Itaú — Chile	Unidad de fomento	3,500,000	0.94%	3,634,643
05-15-2015	02-11-2016	Banco de Chile — Chile	Unidad de fomento	3,500,000	0.85%	3,632,554
06-03-2015	01-15-2016	Banco Itaú — Chile	Unidad de fomento	5,000,000	0.91%	5,169,872
06-03-2015	01-15-2016	Banco Santander - Chile	Unidad de fomento	5,000,000	0.91%	5,169,872
06-03-2015	05-27-2016	Banco Santander - Chile	Unidad de fomento	5,000,000	1.00%	5,172,585
06-03-2015	05-09-2016	Banco de Chile — Chile	Unidad de fomento	7,500,000	1.00%	7,758,877
06-03-2015	05-09-2016	Banco de Chile — Chile	Unidad de fomento	7,500,000	1.00%	7,758,877
09-01-2015	05-09-2016	Banco Santander - Chile	Unidad de fomento	3,000,000	0.01%	3,051,493
09-01-2015	08-09-2016	Banco Santander- Chile	Unidad de fomento	4,000,000	0.26%	4,072,077
09-01-2015	08-09-2016	Banco Santander- Chile	Unidad de fomento	6,000,000	0.26%	6,108,115
09-30-2015	08-31-2016	Banco BTG Pactual- Chile	Unidad de fomento	2,000,000	0.65%	2,025,626
11-11-2015	09-09-2016	Banco de Chile — Chile	Unidad de fomento	2,750,000	1.61%	2,766,439
11-11-2015	10-07-2016	Banco Itaú — Chile	Unidad de fomento	5,500,000	1.83%	5,534,564
06-03-2015	08-09-2016	Banco BTG Pactual- Chile	Unidad de fomento	4,350,000	1.30%	4,508,016
06-22-2015	08-09-2016	Banco Santander - Chile	Unidad de fomento	3,000,000	1.06%	3,096,637
06-30-2015	08-09-2016	Banco Santander - Chile	Unidad de fomento	2,800,000	1.02%	2,887,391
07-20-2015	08-09-2016	Banco Estado - Chile	Unidad de fomento	3,400,000	0.36%	3,485,387
09-30-2015	10-07-2016	Banco BTG Pactual- Chile	Unidad de fomento	3,700,000	0.89%	3,749,703
09-30-2015	10-07-2016	Banco Santander - Chile	Unidad de fomento	3,700,000	0.85%	3,749,320
Subtotal						**87,491,453**

	12.31.2015 ThCh$
Bonds	
Bonds Provincia Buenos Aires - Argentina	478
Total other current financial assets	**87,491,931**

d) Non-current portion 2015

Time Deposits

Placement	Maturity	Institution	Currency	Principal ThCh$	Annual rate %	12.31.2015 ThCh$
03-16-2015	03-16-2017	Banco Votoratim	Brazilian Real	15,358	8.82%	17,221
Sub Total						**17,221**

		12.31.2015 ThCh$
Derivative futures contracts		
Derivative futures contracts (see note 20)		181,474,306
Total other non-current financial assets	**Total**	**181,491,527**

NOTE 6 — CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

Note 6.1 Other current non-financial assets

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Prepaid expenses	5,689,560	7,311,951
Fiscal credits	—	468,574
Guarantee deposit (Argentine)	11,226	47,023
Disbursements to acquire property, plant & equipment on behalf of Coca-Cola del Valle New Ventures S.A. (1)	1,991,167	—
Other assets	909,256	858,608
Total	**8,601,209**	**8,686,156**

Note 6.2 Other non-current, non-financial assets

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Judicial deposits (see note 21.2)	19,112,974	11,127,988
Prepaid expenses	1,613,989	3,408,763
Fiscal credits	2,975,706	3,060,733
Advance payment to suppliers of property, plant & equipment (2)	11,173,966	—
Others	370,188	692,417
Total	**35,246,823**	**18,289,901**

(1) Corresponds to disbursments to acquire property, plant & equipment performed by subsidiaries of the Andina Group that subsequently will be transferred to the equity investee Coca-Cola del Valle New Ventures S.A.
(2) Corresponds to advance payments made for the construction of the new “Duque de Caixas” bottling plant in Brazil.

NOTE 7 — TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is detailed as follows:

Trade and other receivables	12.31.2016 Assets before provisions	12.31.2016 Allowance for doubtful accounts	12.31.2016 Commercial debtors net assets	12.31.2015 Assets before provisions	12.31.2015 Allowance for doubtful accounts	12.31.2015 Commercial debtors net assets
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Current commercial debtors						
Trade debtors	155,792,966	(3,090,160)	152,702,806	147,949,551	(4,276,100)	143,673,451
Other current debtors	30,923,474	(2,827,678)	28,095,796	24,881,812	(939,201)	23,942,611
Current commercial debtors	**186,716,440**	**(5,917,838)**	**180,798,602**	**172,831,363**	**(5,215,301)**	**167,616,062**
Prepayments suppliers	8,776,211	—	8,776,211	6,777,567	—	6,777,567
Other current accounts receivable	1,728,859	(779,318)	949,541	2,042,131	(49,924)	1,992,207
Commercial debtors and other current accounts receivable	**197,221,510**	**(6,697,156)**	**190,524,354**	**181,651,061**	**(5,265,225)**	**176,385,836**
Non-current accounts receivable						
Trade debtors	83,881	—	83,881	95,413	—	95,413
Other non-current debtors	3,443,851	—	3,443,851	5,836,586	—	5,836,586
Non-current accounts receivable	**3,527,732**	**—**	**3,527,732**	**5,931,999**	**—**	**5,931,999**
Trade and other receivable	**200,749,242**	**(6,697,156)**	**194,052,086**	**187,583,060**	**(5,265,225)**	**182,317,835**

Aging of debtor portfolio	12.31.2016	12.31.2015
	ThCh$	ThCh$
Up to date non-securitized portfolio until 30 days	148,694,299	143,497,948
31 and 60 days	1,463,935	1,760,954
61 and 90 days	567,318	675,559
91 and 120 days	909,985	147,289
121 and 150 days	410,944	180,617
151 and 180 days	155,596	172,041
181 and 210 days	245,947	297,653
211 and 250 days	107,679	91,308
More than 250 days	3,321,144	1,221,595
Total	**155,876,847**	**148,044,964**

The Company has an approximate number of 259,000 clients, which may have balances in the different sections of the stratification. The number of clients is distributed geographically with 63,000 in Chile, 79,000 in Brazil, 64,000 in Argentina and 53,000 in Paraguay.

	12.31.2016	12.31.2015
	ThCh$	ThCh$
Current commercial debtors	155,792,966	147,949,551
Non-current commercial debtors	83,881	95.413
Total	**155,876,847**	**148,044,964**

The movement in the allowance for doubtful accounts is presented below:

	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Opening balance	**5,265,225**	**7,086,578**	**2,678,879**
Bad debt expense	4,381,803	5,762,634	4,459,276
Provision application	(2,650,520)	(6,992,793)	(35,827)
Change due to foreign exchange differences	(299,352)	(591,194)	(15,750)
Movement	**1,431,931**	**(1,821,353)**	**4,407,699**
Ending balance	**6,697,156**	**5,265,225**	**7,086,578**

NOTE 8 — INVENTORIES

The composition of inventories is detailed as follows:

Details	12.31.2016 ThCh$	12.31.2015 ThCh$
Raw materials (1)	81,841,400	80,466,928
Finished goods	34,304,162	26,378,890
Spare parts and supplies	24,137,074	26,082,728
Work in progress	670,849	761,923
Other inventories	6,668,977	1,438,231
Obsolescence provision (2)	(2,913,114)	(1,795,447)
Total	**144,709,348**	**133,333,253**

The cost of inventory recognized as cost of sales is ThCh$1,033,910,027, ThCh$1,106,706,146 and ThCh$1,081,243,408, at December 31, 2016, 2015 and 2014, respectively.

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(1) Approximately 80% is composed of concentrate and sweeteners used in the preparation of beverages, as well as caps and other supplies used in the packaging of the product.

(2) The obsolescence provision is related mainly with the obsolescence of spare parts classified as inventories and to a lesser extent to finished products and raw materials. The general standard is to provision all those multi-functional spare parts without utility in rotation in the last four years prior to the technical analysis technical to adjust the provision. In the case of raw materials and finished products, the obsolescence provision is determined according to maturity.

NOTE 9 — CURRENT AND DEFERRED INCOME TAXES

9.1 Tax Reform

On September 29, 2014, the Official Daily Newspaper published Law N°20,780 that amends the Chilean tax regime, with the main following changes:

- It establishes a new system of semi-integrated taxation, which can be used as an alternative to the integrated regime of attributed income. Taxpayers may opt freely to any of the two to pay their taxes. In the case of Embotelladora Andina S.A. by a general rule established by law the semi-integrated taxation system applies, which should be subsequently ratified by a future Shareholders Meeting.
- The semi-integrated system establishes the gradual increase in the first category tax rate for the business years 2014, 2015, 2016, 2017 and 2018 onwards, increasing to 21%, 22.5%, 24%, 25.5% and 27% respectively.
- Regarding the amendments to deferred taxes resulting from rate changes to be applied during the reversal period of differences between the bases of valuation of assets and liabilities by deferred taxes, were recognized on December 31, 2014, according to IAS 12 with a charge to net income, amounting to ThCh$23,615,151.

9.2 Current tax assets

Current tax assets correspond to the following items:

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Monthly provisional payments	1,330,379	7,506,564
Tax credits (1)	371,917	234,677
Total	**1,702,296**	**7,741,241**

(1) Tax credits correspond to income tax credits on training expenses, purchase of property, plant and equipment, and donations.

9.3 Current tax liabilities

Current tax payables correspond to the following items

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Income tax expense	10,828,593	7,494,832
Total	**10,828,593**	**7,494,832**

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9.4 Income tax expense

The current and deferred income tax expenses are detailed as follows:

Item	12.31.2016	12.31.2015	12.31.2014
	ThCh$	ThCh$	ThCh$
Current income tax expense	35,902,002	33,322,550	16,313,855
Adjustment to current income tax from the previous fiscal year	534,392	(117,316)	(547,549)
Withholding tax expense foreign subsidiaries	7,645,218	7,027,661	4,848,794
Other deferred tax expense (income)	92,008	1,212,398	564,067
Current income tax expense	**44,173,620**	**41,445,293**	**21,179,167**
Income (expense) for the creation and reversal of current tax difference	4,633,473	197,269	840,269
Tax reform	—	—	23,334,999
Expense (income) for deferred taxes	**4,633,473**	**197,269**	**24,175,268**
Total income tax expense	**48,807,093**	**41,642,562**	**45,354,435**

9.5 Deferred income taxes

The net cumulative balances of temporary differences that give rise to deferred tax assets and liabilities are shown below:

Temporary differences	12.31.2016		12.31.2015	
	Assets	Liabilities	Assets	Liabilities
	ThCh$	ThCh$	ThCh$	ThCh$
Property, plant and equipment	2,127,336	48,561,147	1,811,306	46,043,942
Obsolescence provision	1,541,553	—	1,722,802	—
Employee benefits	4,383,007	—	3,327,490	—
Post-employment benefits	49,900	1,010,779	102,742	1,207,337
Tax loss carried-forwards (1)	9,928,940	—	10,313,066	—
Tax Goodwill Brazil	31,926,760	—	34,538,542	—
Contingency provision	36,969,451	—	29,778,445	—
Foreign exchange differences (2)	—	2,124,435	—	9,600,022
Allowance for doubtful accounts	1,031,375	—	437,113	—
Coca-Cola incentives (Argentina)	2,408,651	—	1,882,260	—
Assets and liabilities for placement of bonds	—	669,856	—	806,980
Lease liabilities	1,767,944	—	2,021,092	—
Inventories	1,604,538	806,529	2,512,725	—
Distribution rights	—	168,511,436	—	161,331,490
Others	2,689,002	353,077	637,737	297,250
Subtotal	**96,428,457**	**222,037,259**	**89,085,320**	**219,287,021**
Total liabilities net	**—**	**125,608,802**	**—**	**130,201,701**

(1) Tax losses mainly associated with the subsidiary Embotelladora Andina Chile S.A. In Chile tax losses have no expiration date

(2) Corresponds to differed taxes for exchange rate differences generated on the translation of debt expressed in foreign currency that are taxed differently to their accrual.

9.6 Deferred tax liability movement

The movement in deferred income tax accounts is as follows:

Item	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Opening Balance	**130,201,701**	**126,126,147**	**105,537,484**
Increase (decrease) in deferred tax	(6,409,481)	9,474,186	(4,931,757)
Increase resulting from Tax Reform rates	—	—	23,334,999
Increase (decrease) due to foreign currency translation	1,816,582	(5,398,632)	2,185,421
Movements	**(4,592,899)**	**4,075,554**	**20,588,663**
Ending balance	**125,608,802**	**130,201,701**	**126,126,147**

9.7 Distribution of domestic and foreign tax expense

The composition of domestic and foreign tax expense are detailed as follows:

Income tax	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Current income taxes			
Foreign	(24,752,106)	(36,438,137)	(15,058,221)
Domestic	(19,421,514)	(5,007,156)	(6,120,946)
Current income tax expense	**(44,173,620)**	**(41,445,293)**	**(21,179,167)**
Deferred income taxes			
Foreign	(4,291,287)	9,745,398	(2,080,538)
Domestic	(342,186)	(9,942,667)	(22,094,730)
Deferred income tax expense	**(4,633,473)**	**(197,269)**	**(24,175,268)**
Income tax expense	**(48,807,093)**	**(41,642,562)**	**(45,354,435)**

9.8 Reconciliation of effective rate

Below is the reconciliation between the effective tax rate and the statutory rate:

Reconciliation of effective rate	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Net income before taxes	**140,856,204**	**129,740,488**	**97,388,527**
Tax expense at legal rate (24.0%)	**(33,805,489)**	**—**	**—**
Tax expense at legal rate (22.5%)	**—**	**(29,191,610)**	**(20,451,591)**
Effect of a different tax rate in other jurisdictions	**(9,214,270)**	**(8,161,392)**	**(6,916,744)**
Permanent differences:			
Non-taxable revenues	6,068,410	11,778,290	16,703,891
Non-deductible expenses	(419,761)	(5,557,758)	(7,336,011)
Tax effect of tax provided in excess of prior period	86,731	117,316	(23,334,999)
Tax price level restatement effect Chilean companies	(1,875,343)	(2,387,349)	(254,185)
Foreign subsidiaries tax withholding expense and other legal tax debits and credits	(9,647,371)	(8,240,059)	(3,764,796)
Adjustments to tax expense	**(5,787,334)**	**(4,289,560)**	**(17,986,100)**
Tax expense at effective rate	**(48,807,093)**	**(41,642,562)**	**(45,354,435)**
Effective rate	**34.7%**	**32.1%**	**46.6%**

Below are the income tax rates applicable in each jurisdiction where the Company operates:

	Rate		
Country	2016	2015	2014
Chile	24.0%	22.5%	21%
Brazil	34%	34%	34%
Argentina	35%	35%	35%
Paraguay	10%	10%	10%

NOTE 10 — PROPERTY, PLANT AND EQUIPMENT

10.1 Balances

Property, plant and equipment are detailed below at the end of each period:

Item	Property, plant and equipment, gross		Cumulative depreciation and impairment		Property, plant and equipment, net	
	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Construction in progress	49,986,111	34,625,004	—	—	49,986,111	34,625,004
Land	91,961,876	86,898,529	—	—	91,961,876	86,898,529
Buildings	230,355,844	209,625,725	(57,282,683)	(50,150,795)	173,073,161	159,474,930
Plant and equipment	453,359,655	432,853,976	(262,957,030)	(229,474,042)	190,402,625	203,379,934
Information technology	19,683,777	17,189,199	(13,560,865)	(12,868,543)	6,122,912	4,320,656
Fixed facilities and accessories	32,616,284	32,882,106	(12,150,171)	(10,575,347)	20,466,113	22,306,759
Vehicles	44,629,827	33,857,560	(20,733,402)	(15,750,855)	23,896,425	18,106,705
Leasehold improvements	734,100	650,815	(543,577)	(375,870)	190,523	274,945
Other property, plant and equipment (1)	397,539,405	376,360,341	(287,488,266)	(265,217,931)	110,051,139	111,142,410
Total	**1,320,866,879**	**1,224,943,255**	**(654,715,994)**	**(584,413,383)**	**666,150,885**	**640,529,872**

(1) Other property, plant and equipment is composed of bottles, market assets, furniture and other minor assets.

The net balance of each of these categories is detailed as follows:

Other property, plant and equipment	12.31.2016	12.31.2015
	ThCh$	ThCh$
Bottles	64,020,146	67,110,520
Marketing and promotional assets	38,834,104	38,061,595
Other property, plant and equipment	7,196,889	5,970,295
Total	**110,051,139**	**111,142,410**

The Company has insurance to protect its property, plant and equipment and its inventory from potential losses. The geographic distribution of those assets is detailed as follows:

Chile : Santiago, Puente Alto, Maipú, Renca, Rancagua y San Antonio, Antofagasta, Coquimbo and Punta Arenas.
Argentina : Buenos Aires, Mendoza, Córdoba y Rosario, Bahía Blanca, Chacabuco, La Pampa, Neuqén, Comodoro Rivadavia, Trelew, and Tierra del Fuego
Brazil : Río de Janeiro, Niteroi, Campos, Cabo Frío, Nova Iguazú, Espirito Santo, Vitoria parts Sao Paulo and Minas Gerais.
Paraguay : Asunción, Coronel Oviedo, Ciudad del Este and Encarnación.

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10.2 Movements

Movements in property, plant and equipment are detailed as follows:

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance at January 1, 2016	**34,625,004**	**86,898,529**	**159,474,930**	**203,379,934**	**4,320,656**	**22,306,759**	**18,106,705**	**274,945**	**111,142,410**	**640,529,872**
Additions	70,421,863	1,248,433	1,201,903	9,833,490	2,666,593	161,395	338,986	—	38,923,620	124,796,283
Disposals	—	—	(4,598)	(601,444)	—	—	(3,473)	—	(54,861)	(664,376)
Transfers between items of property, plant and equipment	(53,824,861)	1,643,038	15,471,645	16,202,982	1,062,653	1,709,635	9,015,390	—	8,719,518	—
Depreciation expense	—	—	(5,335,475)	(35,568,436)	(1,910,731)	(2,456,511)	(4,622,348)	(112,805)	(44,120,837)	(94,127,143)
Increase (decrease) due to foreign currency translation differences	(1,235,895)	2,171,876	2,792,916	(1,266,728)	29,148	(1,254,915)	1,783,041	28,383	(3,322,005)	(274,179)
Other increase (decrease) (1)	—	—	(528,160)	(1,577,173)	(45,407)	(250)	(721,876)	—	(1,236,706)	(4,109,572)
Total movements	**15,361,107**	**5,063,347**	**13,598,231**	**(12,977,309)**	**1,802,256**	**(1,840,646)**	**5,789,720**	**(84,422)**	**(1,091,271)**	**25,621,013**
Ending balance at December 31, 2016	**49,986,111**	**91,961,876**	**173,073,161**	**190,402,625**	**6,122,912**	**20,466,113**	**23,896,425**	**190,523**	**110,051,139**	**666,150,885**

(1) Mainly correspond to property, plant & equipment write-offs.

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	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance at January 1, 2015	**25,522,059**	**76,957,848**	**172,058,447**	**253,238,833**	**4,821,856**	**25,055,547**	**16,169,783**	**446,120**	**138,804,792**	**713,075,285**
Additions	59,639,751	17,987,524	104,132	9,184,539	285,838	—	105,804	—	23,668,047	110,975,635
Disposals	—	—	(16,277)	(228,309)	(245)	—	(4,917)	—	(84,020)	(333,768)
Transfers between items of property, plant and equipment	(46,527,488)	—	10,132,100	9,853,256	1,583,502	1,371,016	8,868,154	5,993	14,713,467	—
Depreciation expense	—	—	(5,069,161)	(35,294,090)	(1,879,341)	(2,512,958)	(3,967,423)	(87,523)	(49,139,913)	(97,950,409)
Increase (decrease) due to foreign currency translation differences	(4,009,318)	(8,046,843)	(17,496,868)	(29,405,268)	(469,797)	(1,606,846)	(2,918,202)	(89,645)	(16,283,975)	(80,326,762)
Other increase (decrease) (1)	—	—	(237,443)	(3,969,027)	(21,157)	—	(146,494)	—	(535,988)	(4,910,109)
Total movements	**9,102,945**	**9,940,681**	**(12,583,517)**	**(49,858,899)**	**(501,200)**	**(2,748,788)**	**1,936,922**	**(171,175)**	**(27,662,382)**	**(72,545,413)**
Ending balance at December 31, 2015	**34,625,004**	**86,898,529**	**159,474,930**	**203,379,934**	**4,320,656**	**22,306,759**	**18,106,705**	**274,945**	**111,142,410**	**640,529,872**

(1) Mainly correspond to property, plant & equipment write-offs.

	Construction in progress ThCh$	Land ThCh$	Buildings, net ThCh$	Plant and equipment, net ThCh$	IT Equipment, net ThCh$	Fixed facilities and accessories, net ThCh$	Vehicles, net ThCh$	Leasehold improvements, net ThCh$	Other, net ThCh$	Property, plant and equipment, net ThCh$
Opening balance at January 1, 2014	**36,544,802**	**76,063,090**	**151,816,612**	**240,721,094**	**5,584,185**	**33,207,964**	**15,121,864**	**567,041**	**133,323,156**	**692,949,808**
Additions	61,749,644	—	2,689,039	46,090,966	403,941	196,726	921,557	—	13,661,737	125,713,610
Disposals	(16,668)	(109,252)	(22,864)	(3,017,160)	(1,296)	(1,940)	(51,126)	—	(1,299,940)	(4,520,246)
Transfers between items of property, plant and equipment	(71,807,784)	—	22,189,920	13,217,587	920,853	(5,762,142)	4,710,288	—	36,531,278	—
Depreciation expense	—	—	(5,510,350)	(37,943,247)	(2,020,178)	(1,818,210)	(4,661,508)	(132,184)	(47,832,641)	(99,918,318)
Increase (decrease) due to foreign currency translation differences	(912,128)	1,004,086	568,887	(1,733,312)	54,839	(766,851)	206,760	11,208	9,964,653	8,398,142
Other increase (decrease) (1)	(35,807)	(76)	327,203	(4,097,095)	(120,488)	—	(78,052)	55	(5,543,451)	(9,547,711)
Total movements	**(11,022,743)**	**894,758**	**20,241,835**	**12,517,739**	**(762,329)**	**(8,152,417)**	**1,047,919**	**(120,921)**	**5,481,636**	**20,125,477**
Ending balance at December 31, 2014	**25,522,059**	**76,957,848**	**172,058,447**	**253,238,833**	**4,821,856**	**25,055,547**	**16,169,783**	**446,120**	**138,804,792**	**713,075,285**

(1) Mainly correspond to property, plant & equipment write-offs.

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NOTE 11 — RELATED PARTY DISCLOSURES

Balances and main transactions with related parties are detailed as follows:

11.1 Accounts receivable:

11.1.1 Current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2016	12.31.2015
					ThCh$	ThCh$
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Chilean pesos	5,283,410	4,417,016
96.517.210-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Chilean pesos	307,848	177,329
76.572.588-7	Coca-Cola del Valle New Ventures S.A.	Associate	Chile	Chilean pesos	180,000	—
96.919.980-7	Cervecería Austral S.A.	Related to director	Chile	Dollars	13,827	14,873
77.755.610-k	Comercial Patagona Ltda.	Related to director	Chile	Chilean pesos	3,598	1,282
		Total			**5,788,683**	**4,610,500**

11.1.2 Non current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2016	12.31.2015
					ThCh$	ThCh$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	147,682	14,732
		Total			**147,682**	**14,732**

11.2 Accounts payable:

11.2.1 Current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2016	12.31.2015
					ThCh$	ThCh$
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Brazilian real	17,345,806	13,394,625
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Argentine pesos	10,275,931	6,824,553
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	7,284,499	12,765,952
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brazil	Brazilian real	3,571,514	7,614,888
86.881.400-4	Envases CMF S.A.	Associate	Chile	Chilean pesos	5,338,180	5,534,367
Foreign	Coca-Cola Perú	Related to Shareholder	Perú	Dollars	—	2,194,644
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Chilean pesos	304,405	323,798
Total					**44,120,335**	**48,652,827**

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11.3 Transactions:

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2016
						ThCh$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	129,660,611
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	7,154,023
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	3,740,351
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean pesos	2,299,634
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	34,144,348
76.572.588.7	Coca-Cola del Valle New Ventures S.A.	Associate	Chile	Administrative and commercial services	Chilean pesos	180,000
96.891.720-K	Embonor S.A.	Associate	Chile	Sale of packaging materials	Chilean pesos	44,310,169
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,749,506
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Sale of finished products	Chilean pesos	115,706,386
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	25,675,184
Foreign	Leao Alimentos e Bebidas Ltda.	Related to Shareholder	Brazil	Advertising participation payment	Brazilian real	11,658,142
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Associate	Argentina	Purchase of concentrates	Brazilian real	114,427,713
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	14,680,603
89.996.200-1	Envases del Pacífico S.A.	Shareholder	Chile	Advertising participation payment	Argentine pesos	1,751,011
Foreign	Coca-Cola Perú	Related to director	Perú	Purchase of raw materials	Chilean pesos	4,188,812

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2015
						ThCh$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	131,381,786
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	4,510,007
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	3,065,143
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean pesos	2,938,754
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	38,203,461
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging materials	Chilean pesos	1,946,094
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	42,147,579
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,888,054
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	106,510,167
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Advertising participation payment	Brazilian real	19,953,118
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of concentrates	Brazilian real	16,963,602
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	145,188,901
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	20,555,307
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Purchase of raw materials	Chilean pesos	1,662,803
Foreign	Coca-Cola Perú	Related to director	Perú	Sale of finished products	Chilean pesos	3,399,427
Foreign	Sorocaba Refrescos S. A.	Related to Shareholder	Brazil	Purchase of concentrates and advertising participation	Brazilian real	2,986,650

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2014 ThCh$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	132,201,085
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	4,112,331
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	3,143,674
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean pesos	5,494,143
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	35,394,840
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging materials	Chilean pesos	2,210,686
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	12,526,172
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,369,911
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	101,724,406
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Advertising participation payment	Brazilian real	19,598,422
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of concentrates	Brazilian real	35,118,038
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	112,809,593
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	15,624,972
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Sale of finished products	Chilean pesos	1,718,878
Foreign	Coca-Cola Perú	Related to Shareholder	Perú	Purchase of concentrates and advertising participation	Chilean pesos	986,989
Foreign	Sorocaba Refrescos S. A.	Associate	Brazil	Purchase of products	Brazilian real	537,948

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11.4 Key management compensation

Salaries and benefits paid to the Company's key management personnel including directors and managers are detailed as follows:

Description	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Executive wages, salaries and benefits	6,255,806	6,412,238	5,296,344
Director allowances	1,492,088	1,512,000	1,512,000
Contract termination benefits	79,027	192,920	327,000
Accrued benefit in the past five years and paid during the fiscal year	314,288	257,683	1,030,990
Total	**8,141,209**	**8,374,841**	**8,166,334**

NOTE 12 — CURRENT AND NON-CURRENT EMPLOYEE BENEFITS

Composition of employee benefits is the following:

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Accrued vacations	19,828,622	18,025,589
Employee remuneration payable	15,824,809	13,765,170
Indemnities for years of service	8,157,745	8,230,030
Total	**43,811,176**	**40,020,789**

	ThCh$	ThCh$
Current	35,653,431	31,790,759
Non-current	8,157,745	8,230,030
Total	**43,811,176**	**40,020,789**

12.1 Indemnities for years of service

The movements of post-employment benefits that are determined as stated in Note 2 are detailed as follows:

Movements	12.31.2016 ThCh$	12.31.2015 ThCh$
Opening balance	**8,230,030**	**8,125,107**
Service costs	2,059,799	2,022,010
Interest costs	182,328	192,145
Net actuarial losses	536,105	901,171
Benefits paid	(2,850,517)	(3,010,403)
Total	**8,157,745**	**8,230,030**

12.1.1 Assumptions

The actuarial assumptions used were:

Assumptions	12.31.2016	12.31.2015
Discount rate	2.7%	2.7%
Expected salary increase rate	2.0%	2.0%
Turnover rate	5.4%	5.4%
Mortality rate (1)	RV-2009	RV-2009
Retirement age of women	60 years	60 years
Retirement age of men	65 years	65 years

(1) Mortality assumption tables prescribed for use by the Chilean Superintendence of Securities and Insurance.

12.2 Personnel expenses

Personnel expenses included in the consolidated statement of income statement are as follows:

Description	12.31.2016 ThCh$	12.30.2015 ThCh$	12.31.2014 ThCh$
Wages and salaries	218,944,639	230,854,998	197,343,949
Employee benefits	50,174,153	48,977,105	47,424,162
Severance and post-employment benefits	8,252,502	6,217,204	7,154,581
Other personnel expenses	10,921,843	10,561,935	12,721,326
Total	**288,293,137**	**296,611,242**	**264,644,018**

12.3 Number of Employees

Description	12.31.2016	12.31.2015	12.31.2014
Number of employees	16,296	16,525	16,136
Number of average employees	16,009	15,504	15,703

NOTE 13 — INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

13.1 Balances

Investments in associates using equity method of accounting are detailed as follows:

Taxpayer ID	Name	Country of Incorporation	Functional Currency	Carrying Value 12.31.2016	Carrying Value 12.31.2015	Percentage interest 12.31.2016	Percentage interest 12.31.2015
				ThCh$	ThCh$	%	%
86.881.400-4	Envases CMF S.A. (1)	Chile	Chilean peso	18,693,851	17,793,783	50.00%	50.00%
Foreign	Leao Alimentos e Bebidas Ltda. (2)	Brazil	Brazilian real	19,559,114	12,393,777	8.82%	8.82%
Foreign	Kaik Participacoes Ltda. (2)	Brazil	Brazilian real	1,364,444	1,106,733	11.32%	11.32%
Foreign	SRSA Participacoes Ltda.	Brazil	Brazilian real	258,928	231,183	40.00%	40.00%
Foreign	Sorocaba Refrescos S.A.	Brazil	Brazilian real	26,091,690	22,665,070	40.00%	40.00%
Foreign	Trop Frutas do Brasil Ltda. (2)	Brazil	Brazilian real	6,069,003	—	7,52%	—
76.572.588-7	Coca-Cola del Valle New Ventures S.A. (3)	Chile	Chilean peso	5,160,751	—	35,00%	—
	Total			**77,197,781**	**54,190,546**		

(1) In these company, regardless of the percentage of ownership interest, it was determined that no controlling interest was held, only a significant influence, given that there was not a majority vote of the Board of Directors to make strategic business decisions.
(2) In these companies, regardless of the percentage of ownership interest held, the Company has significant influence, given that it has a representative on each entity's Board of Directors.
(3) On January 28, 2016, Embotelladora Andina S.A along with Coca-Cola de Chile S.A. and Coca-Cola Embonor S.A., formed the company Coca-Cola del Valle New Ventures S.A., whose main purpose will be the development and production of juices, waters and non-carbonated beverages under trade names of The Coca-Cola Company, that Andina and Coca-Cola Embonor S.A. are authorized to market and distribute in their respective franchise territories.

13.2 Movement

The movement of investments in associates accounted for using the equity method is shown below:

Details	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Opening Balance	**54,190,546**	**66,050,213**	**68,673,399**
Dividends received	(745,805)	(1,250,000)	(1,590,674)
Variation of minimum dividends from equity investees	—	(217,750)	149,938
Share in operating income	396,764	(1,613,839)	2,169,272
Unrealized income	85,266	85,266	85,266
Other decrease investment in associate (Sale participation in Leon Alimentos y Bebidas Ltda.).	—	—	(4,194,955)
Other investment increases in associates (Capital Contributions)	17,586,575	915,069	—
Deferred tax effect resulting from change in related tax rate in associate	—	—	(438,347)
Increase (Decrease) due to foreign currency translation differences	5,684,435	(9,778,413)	1,196,314
Ending Balance	**77,197,781**	**54,190,546**	**66,050,213**

	Embotelladora del Altantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
Total current assets	110,564,779	6,680,394	35,283,479	19,265,466	4,783,537	8,508,056
Total non current assets	98,518,204	7,381,968	243,615,898	22,297,712	6,298,423	12,034,286
Total current liabilities	132,431,541	4,061,713	17,192,489	15,246,108	4,884,341	7,333,325
Total non-current liabilities	1,621,792	141,258	16,011,340	445,794	144,250	614,711
Net sales	507,946,548	20,601647	132,005,503	75,788,427	14,437,818	40,342,848
Net Income	32,268,140	3,754,831	23,045,844	913,880	70,878	1,641,112

The main movements for the periods ended 2016 and 2015:

- During the 2016, 2015 and 2014 periods Envases CMF S.A. distributed dividends in the amounts of ThCh$750,806, ThCh$1,250,000 and ThCh$760,037 respectively.

- During 2016 and 2015, Sorocaba Refrescos S.A. has not distributed dividends. During 2014 it distributed ThCh$830,637 in dividends.

- During the 2016 and 2015 periods, Leão Alimentos e Bebidas Ltda. carried out a capital increase. Rio de Janeiro Refrescos Ltda. participated in this capital increase regarding its ownership interest for an amount of ThCh$6,105,732 and ThCh$915,069 respectively.

- In October 2014, Rio de Janeiro Refrescos Ltda. sold 2.05% of its ownership interest in Leão Alimentos e Bebidas Ltda. for ThCh$4,495,771 generating ThCh$300,816 in earnings which was recognized as a credit in the company's income statement.

- During 2016, as a result of company restructuring, the Brazilian company Trop Frutas do Brasil Ltda., became part of bottler group of the Coca-Cola system in Brazil. As a result , Rio de Janeiro Refrescos Ltda. have a 7.52% direct ownership interest in that company through a capital contribution of ThCh$ 6,157,150.

- During 2016, Embotelladora Andina S.A. has made capital contributions to Coca-Cola del Valle New Ventures S.A. for ThCh$ 5,323,693.

13.3 Reconciliation of share of profit in investments in associates:

Details	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Share of profit of investment accounted for using the equity method	**396,764**	**(1,613,839)**	**1,730,925**
Unrealized earnings in inventory acquired from associates and not sold at the end of period, presented as a discount in the respective asset account (containers and/or inventories)	(744,612)	(799,256)	(625,222)
Amortization of Fair Value in CMF S.A.	85,266	85,266	85,266
Income (expense) Statement Balance	**(262,582)**	**(2,327,829)**	**1,190,969**

13.4 Summary financial information of associates:

The attached table presents summarized information regarding the Company´s equity investees as of December 31, 2016:

	Envases CMF S.A. ThCh$	Sorocaba Refrescos S.A. ThCh$	Kaik Participacoes Ltda. ThCh $	SRSA Participacoes Ltda. ThCh $	Leao Alimentos e Bebidas Ltda. ThCh $	Trop Frutas do Brasil Ltda. ThCh $	Coca Cola del Valle New Ventures S.A. ThCh $
Total assets	70,340,930	122,090,133	12,053,702	647,320	320,380,393	83,866,143	15,236,646
Total liabilities	32,185,830	57,032,988	38	—	97,369,905	2,460,972	490,762
Total revenue	47,627,790	54,790,144	927,449	643,211	1,425,870,207	6,303,863	—
Net income (loss) of associate	3,080,181	(1,318,822)	927,449	643,211	(14,435,787)	(1,487,559)	(465,138)
Reporting date	12/31/2016	11/30/2016	11/30/2016	11/30/2016	11/30/2016	10/31/2016	12/31/2016

NOTE 14 — INTANGIBLE ASSETS AND GOODWILL

14.1 Intangible assets other than goodwill

Intangible assets other than goodwill as of the end of each reporting period are detailed as follows:

Detail	December 31, 2016 Gross Amount ThCh$	December 31, 2016 Cumulative Amortization ThCh$	December 31, 2016 Net Amount ThCh$	December31, 2015 Gross Amount ThCh$	December31, 2015 Cumulative Amortization ThCh$	December31, 2015 Net Amount ThCh$
Distribution rights (1)	674,920,063	—	674,920,063	658,625,624	—	658,625,624
Software	24,954,998	(19,349,917)	5,605,081	22,378,687	(15,814,299)	6,564,388
Water rights	522,748	(51,830)	470,918	536,940	(60,297)	476,643
Total	**700,397,809**	**(19,401,747)**	**680,996,062**	**681,541,251**	**(15,874,596)**	**665,666,655**

(1) Correspond to the contractual rights to produce and distribute Coca-Cola products in certain parts of Argentina, Brazil, Chile and Paraguay. Distribution rights result from the valuation process at fair value of the assets and liabilities of the companies acquired in business combinations. Production and distribution contracts are renewable for periods of 5 years with Coca-Cola. The nature of the business and renewals that Coca-Cola has permanently done on these rights, allow qualifying them as permanent contracts. These production and distribution rights, and in conjunction with the assets that are part of the cash-generating units, are annually subjected to the impairment test. Such distribution rights are composed in the following manner and are not subject to amortization:

Distribution rights	12.31.2016 ThCh$	12.31.2015 ThCh$
Chile (excluding Metropolitan Region, Rancagua and San Antonio)	300,305,728	300,305,727
Brazil (Rio de Janeiro, Espirito Santo, Riberao Preto and the investments in Sorocaba and Leão Alimentos e Bebidas Ltda.)	207,469,759	183,687,154
Paraguay	165,295,516	173,304,596
Argentina (North and South)	1,027,483	1,328,147
Monster distribution rights	821,577	—
Total	**674,920,063**	**658,625,624**

The movement and balances of identifiable intangible assets are detailed as follows:

Details	From January 1 through December 31, 2016 Distribution Rights ThCh$	2016 Rights ThCh$	2016 Software ThCh$	2016 Total ThCh$	From January 1 through December 31, 2015 Distribution Rights ThCh$	2015 Rights ThCh$	2015 Software ThCh$	2015 Total ThCh$
Opening balance	**658,625,624**	**476,643**	**6,564,388**	**665,666,655**	**719,385,108**	**447,037**	**8,349,134**	**728,181,279**
Additions	821,577(1)	975	2,842,314	3,664,866	—	—	1,191,200	1,191,200
Amortization	—	(4,575)	(3,207,309)	(3,211,884)	—	(6,394)	(2,681,923)	(2,688,317)
Other increases (decreases)(2)	15,472,862	(2,125)	(594,312)	14,876,425	(60,759,484)	36,000	(294,023)	(61,017,507)
Total	**674,920,063**	**470,918**	**5,605,081**	**680,996,062**	**658,625,624**	**476,643**	**6,564,388**	**665,666,655**

(1) During the second quarter of 2016 Embotelladora Andina S.A. began distributing of Monster products

(2) Mainly corresponds to the foreign currency effect of converting foreign subsidiaries' distribution rights into the presentation currency.

14.2 Goodwill

Goodwill is considered as the excess acquisition cost over fair value of the group´s ownership interest in identifiable net assets of the acquired subsidiary at the acquisition date.

14.2.1 Measurement of recoverable goodwill value.

Goodwill is annually reviewed but its recoverable value is checked during anticipated periods, if there are facts indicating a possible impairment. These signs may include new legal dispositions, changes in the economic environment affecting business operating performance indicators, movements in the competition, or the sale of a significant part of the cash-generating unit (CGU).

Management reviews business performance based on geographic segments. Goodwill is monitored by operating segment that includes different cash generating units of the operations in Chile, Brazil, Argentina and Paraguay. Impairment of distribution rights is geographically monitored at the CGU or group of cash generating units that correspond to specific territories for which Coca-Cola distribution rights have been acquired. These cash generating units or groups of cash generating units are composed by:

- Regions in Chile (excluding Metropolitan Region, province of Rancagua and province of San Antonio)
- Argentina North
- Argentina South
- Brazil (state of Rio de Janeiro and Espirito Santo)
- Brazil (Ipiranga territories)
- Brazil: the investment in the associate Sorocaba
- Brazil: the investment in the associate Leão Alimentos S.A.
- Paraguay

In order to check if goodwill has suffered an impairment loss, the company compares its book value with its recoverable value, and an impairment loss is recognized for the excess of the book value amount of the asset over its recoverable amount. To determine the recoverable values of the CGU, management considers the discounted cash flow method as the most appropriate method.

14.2.2 Main assumptions used in the annual test:

a. Discount rate:

The real discount rate applied in the annual test carried out in December 2016 was estimated with the Capital Asset Pricing Model that allows estimating a discount rate according to the risk level of the CGU in the country where it operates. A nominal discount rate before taxes is used according to the following table:

	Discount Rate	
	2015	2016
Argentina	34.1%	20.5%
Chile	7.7%	7.9%
Brazil	11.6%	11.9%
Paraguay	11.5%	10.7%

Management carried out the annual goodwill impairment test as of December 31, 2016 for each CGU.

b. Other assumptions

Financial projections to determine the net value of future cash flows are modelled considering the main variables of the historical flows of the CGU, and approved budgets. In this sense, a conservative growth rate is used, which reach 3% for the soft drinks category and up to 7% for the less developed categories such as juices and water. Perpetuity growth rates between 2% and 2.5% depending on the level of per capita consumption of our products at each operation are set beyond the fifth year of projection. In this sense, the variables of greater sensitivity in these projections correspond to discount rates applied in order to determine the net present value of projected flows.

There were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in the CGUs subject to impairment test.

14.2.3 Conclusions

As a result of the annual test, no impairments have been identified in any of the CGUs assuming conservative EBITDA margin projections and in line with the markets' history.

Despite the deterioration of the macroeconomic conditions experienced by the economies of the countries where the cash generating units develop their operations, recovery values from the impairment test were higher than the book values of assets.

14.2.4 Goodwill by business segment and country

Movement in goodwill is detailed as follows:

Operating segment	01.01.2016	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2016
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chilean operation	8,503,023	—	—	—	8,503,023
Brazilian operation	71,960,960	—	—	9,184,874	81,145,834
Argentine operation	7,720,202	—	—	(1,747,687)	5,972,515
Paraguayan operation	7,651,751	—	—	(353,618)	7,298,133
Total	**95,835,936**	**—**	**—**	**7,083,569**	**102,919,505**

Operating segment	01.01.2015	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2015
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chilean operation	8,503,023	—	—	—	8,503,023
Brazilian operation	90,122,057	—	—	(18,161,097)	71,960,960
Argentine operation	10,058,725	—	—	(2,338,523)	7,720,202
Paraguayan operation	8,240,394	—	—	(588,643)	7,651,751
Total	**116,924,199**	**—**	**—**	**(21,088,263)**	**95,835,936**

Operating segment	01.01.2014	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2014
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Chilean operation	8,522,488	—	(19,465)	—	8,503,023
Brazilian operation	88,659,503	—	(292,365)(1)	1,754,919	90,122,057
Argentine operation	11,404,496	—	—	(1,345,771)	10,058,725
Paraguayan operation	7,192,580	—	—	1,047,814	8,240,394
Total	**115,779,067**	**—**	**(311,830)**	**1,456,962**	**116,924,199**

(1) Corresponds to the final valuation of assets and liabilities acquired at the purchase of Compañia de Bebidas Ipiranga.

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NOTE 15 — OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

Current	12.31.2016 ThCh$	12.31.2015 ThCh$
Bank loans	20,609,887	23,990,783
Bonds payable	26,729,828	19,236,780
Deposits in guarantee	13,446,077	16,247,026
Derivative contract obligations (see note 20)	1,229,354	107,428
Leasing agreements	2,785,424	2,635,671
Total	**64,800,570**	**62,217,688**

Non-current	12.31.2016 ThCh$	12.31.2015 ThCh$
Bank loans	17,736,697	30,237,950
Bonds payable	685,684,184	718,004,190
Leasing agreements	18,149,706	17,057,204
Total	**721,570,587**	**765,299,344**

The fair value of the aforementioned assets and liabilities is presented below:

Current	Book Value 12.31.2016 ThCh$	Fair Value 12.31.2016 ThCh$	Book Value 12.31.2016 ThCh$	Fair Value 12.31.2016 ThCh$
Cash and cash equivalents (3)	141,263,880	141,263,880	129,160,939	129,160,939
Other financial assets (3)	60,152,627	60,152,627	87,491,931	87,491,931
Trade and other accounts receivable (3)	190,524,354	190,524,354	176,385,386	176,385,386
Accounts receivable from related companies (3)	5,788,683	5,788,683	4,610,500	4,610,500
Bank loans (1)	20,609,887	20,932,073	23,990,783	23,928,084
Bonds payable (2)	26,729,828	29,338,170	19,236,780	20,732,412
Deposits in guarantee (3)	13,446,077	13,446,077	16,247,026	16,247,026
Derivative contract obligations (see note 20)	1,229,354	1,229,354	107,428	107,428
Leasing agreements (3)	2,785,424	2,785,424	2,635,671	2,635,671

Non-current	12.31.2016 ThCh$	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2015 ThCh$
Other financial assets (3)	80,180,880	80,180,880	181,491,527	181,491,527
Trade and other payable (3)	3,527,732	3,527,732	5,931,999	5,931,999
Accounts payable to related parties (3)	147,682	147,682	14,732	14,732
Bank loans (1)	17,736,697	14,365,502	30,237,950	24,678,828
Bonds payable (2)	685,684,184	752,078,561	718,004,190	765,111,961
Leasing agreements (3)	18,149,706	18,149,706	17,057,204	17,057,204

(1) The fair values are based on discounted cash flows using market-based discount rates as of year-end and are Level 2 fair value measurements.

(2) The fair value of corporate bonds are classified as a Level 1 fair value measurements based on quoted prices for the Company's obligations.

(3) The fair value approximates book value considering the nature and term of the obligations.

15.1.1 Bank obligations, current

Indebted Entity			Creditor Entity							Maturity		Total	
Tax ID,	Name	Country	Tax ID,	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	Up to 90 days	90 days To 1 year	at 12.31.2016	at 12.31.2015
										ThCh$	ThCh$	ThCh$	ThCh$
96.705.990-0	Envases Central S.A.	Chile	97.080.000-k	Banco Bice	Chile	Unidad de fomento	Semiannually	4.29%	4.29%	—	—	—	214,927
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	Unidad de fomento	Semiannually	3.43%	3.43%	—	655,752	655,752	275,268
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina (1)	Argentina	Argentine pesos	Monthly	14.80%	9.90%	—	—	—	447,296
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	9.90%	9.90%	—	—	—	115,800
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	340	—	340	772,594
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Monthly	15.25%	15.25%	—	—	—	242,450
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Comercial Bank of China	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	—	—	—	247,221
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Bank HSBC Argentina S.A	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	—	—	—	247,221
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Macro Bansud	Argentina	Argentine pesos	Monthly	15.25%	15.25%	39,942	—	39,942	174,888
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	BBVA Banco Francés	Argentina	Argentine pesos	Monthly	15.25%	15.25%	34,861	—	34,861	164,565
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Santander Río	Argentina	Argentine pesos	Monthly	15.25%	15.25%	—	—	—	122,127
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Nuevo Banco de Santa Fe	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	—	—	—	137,373
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Ciudad de Bs.As.	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	—	—	—	259,727
Foreign	Andina Empaques Argentina S.A.	Argentina	Foreign	Banco Galicia y Bs.As.	Argentina	Argentine pesos	Monthly	15.25%	15.25%	335,722	—	335,722	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	ITAÚ - Finame	Brazil	Dollars	Monthly	2.99%	2.99%	—	12,017,942	12,017,942	12,817,824
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	7.15%	7.15%	148,033	806,523	954,556	997,300
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	4.50%	4.50%	733,176	2,106,537	2,839,713	2,523,766
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.63%	6.63%	380,848	3,350,211	3,731,059	3,876,520
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	3.86%	3.86%	—	—	—	353,916
Total												**20,609,887**	**23,990,783**

(1) The Bicentennial credit granted by Banco de la Nación Argentina to Embotelladora del Atlántico S.A. at a preferential rate is a benefit of the Argentine Government to promote investment projects. Embotelladora del Atlántico S.A. registered investment projects and received the bicentennial credit at a preferential rate of 9.9% a year, the financial expense is recognized according to the market rate, and the financial expense differential between market and nominal rate was allocated as a lower cost of the fixed asset.

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15.1.2 Bank obligations, non-current December 31, 2016

Indebted Entity Tax ID	Indebted Entity Name	Indebted Entity Country	Creditor Entity Tax ID	Creditor Entity Name	Creditor Entity Country	Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity: 1 year up to 2 years	Maturity: More than 2 years Up to 3 years	Maturity: More than 3 years Up to 4 years	Maturity: More than 4 years Up to 5 years	Maturity: More than 5 Years	at 12.31.2016
										ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.63%	6.63%	1,485,327	547,219	431,726	—	—	2,464,272
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	7.15%	7.15%	1,985,981	3,042,278	2,832,515	158,490	—	8,019,264
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	4.50%	4.50%	4,213,075	2,106,537	—	—	—	6,319,612
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Banco Bice	Chile	Chilean pesos	Semiannually	3.43%	3.43%	933,549	—	—	—	—	933,549
Total															**17,736,697**

15.1.2 Bank obligations, non-current December 31, 2015

Indebted Entity			Creditor Entity							Maturity					
Tax ID	Name	Country	Tax ID	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	1 year up to 2 years	More than 2 years Up to 3 years	More than 3 years Up to 4 years	More than 4 years Up to 5 years	More than 5 Years	At 12.31.2015
										ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.63%	6.63%	3,323,725	1,258,291	466,032	413,519	—	5,461,567
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	7.15%	7.15%	776,263	672,484	493,743	431,272	—	2,373,762
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Semiannually	2.992%	2.992%	12,681,431	—	—	—	—	12,681,431
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	4.50%	4.50%	2,020,483	2,020,483	2,020,483	2,020,480	—	8,081,929
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco BBVA Francés	Argentina	Argentine pesos	Monthly	15.25%	15.25%	44,560	—	—	—	—	44,560
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Macro Bansud	Argentina	Argentine pesos	Monthly	15.25%	15.25%	50,970	—	—	—	—	50,970
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Banco Bice	Chile	Chilean pesos	Semiannually	4.29%	4.29%	1,543,731	—	—	—	—	1,543,731
Total															**30,237,950**

15.1.3 Restrictions

In general, the Company's bank obligations are not subject to the fulfilment of covenants, with the exception of debt kept by the subsidiary Rio de Janeiro Refrescos Ltda. with Banco Itaú with maturity in 2017 at a 2.992% annual rate, which is primarily recorded under other current liabilities. The covenant associated with this debt is that: the gross debt deducting available cash must not exceed 2.5 times EBITDA at the annual closing date. As of December 31, 2016 the debt of Rio de Janeiro Refrescos Ltda reaches 2.35 times EBITDA according to the following details:

Items included in the indicator to the date of the last annual closing are:	ThR$
Borrowings with third parties other then Andina group	1,396,699
Cash and cash equivalents	127,029
EBITDA	540,227

15.2.1 Bonds payable

	Current		Non-current		Total	
	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Composition of bonds payable						
Bonds (face value)	27,112,986	20,172,356	690,150,930	723,191,154	717,263,916	743,363,510
Expenses of bond issuance and discounts on placement	(383,158)	(935,576)	(4,466,746)	(5,186,964)	(4,849,904)	(6,122,540)
Net balance presented in statement of financial position	**26,729,828**	**19,236,780**	**685,684,184**	**718,004,190**	**712,414,012**	**737,240,970**

15.2.2 Current and non-current balances

Obligations with the public correspond to bonds in UF issued by the parent company on the Chilean market and bonds in US dollars issued by the parent company on the international market:

	Series	Current face Amount	Unit of Adjustment	Interest rate	final Maturity	Interest Payment	Date Amortization of capital	12.31.1016 ThCh$	12.31.2015 ThCh$
Bonds, current portion									
SVS Registration N°640 SVS 08.23.2010	A	250,000	UF	3.0%	08-15-2017	Semiannually	02-15-2017	6,660,552	6,550,372
SVS Registration N°254 SVS 06.13.2001	B	2,534,835	UF	6.5%	06-01-2026	Semiannually	06-01-2016	5,656,992	5,213,755
SVS Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08-15-2031	Semiannually	02-15-2021	587,020	571,003
SVS Registration N°759 08.20.2013	C	1,000,000	UF	3.5%	08-16-2020	Semiannually	02-16-2017	6,929,828	333,479
SVS Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08-16-2034	Semiannually	02-16-2032	1,487,844	1,447,249
SVS Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03-01-2035	Semiannually	09-01-2032	978,933	952,223
Bonds USA	—	575,000,000	US$	5.0%	10-01-2023	Semiannually	10-01-2023	4,811,817	5,104,275
Total current portion								**27,112,986**	**20,172,356**
Bonds non-current portion									
SVS Registration N°640 SVS 08.23.2010	A	250,000	UF	3.0%	08-15-2017	Semiannually	02-15-2017	—	6,407,273
SVS Registration N°254 SVS 06.13.2001	B	2,534,835	UF	6.5%	06-01-2026	Semiannually	06-01-2016	61,486,857	64,965,518
SVS Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08-15-2031	Semiannually	15-02-2021	39,521,970	38,443,635
SVS Registration N°759 08.20.2013	C	1,000,000	UF	3.5%	08-16-2020	Semiannually	08-16-2017	19,760,985	25,629,090
SVS Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08-16-2034	Semiannually	02-16-2032	105,391,920	102,516,360
SVS Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03-01-2035	Semiannually	09-01-2032	79,043,948	76,887,278
Bonds USA	—	575,000,000	US$	5.0%	10-01-2023	Semiannually	10-01-2023	384,945,250	408,342,000
Bonds non-current portion								**690,150,930**	**723,191,154**

Accrued interest included in the current portion of bonds totaled ThCh$8,646,270 and ThCh$8,923,499 at December 31, 2016 and 2015, respectively.

15.2.3 Non-current maturities

	Series	Year of maturity 2017	2018	2019	After	Total non- current 12-31-2016
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
SVS Registration N°254 06.13.2001	B	5.645.493	6.012.442	6.403.253	43.425.669	61.486.857
SVS Registration N°641 08.23.2010	C	—	—	—	39.521.970	39.521.970
SVS Registration N°759 08.20.2013	C	6.586.995	6.586.995	3.293.498	3.293.497	19.760.985
SVS Registration N°760 08.20.2013	D	—	—	—	105.391.920	105.391.920
SVS Registration N°760 04.02.2014	E	—	—	—	79.043.949	79.043.949
Bonds USA	—	—	—	—	384.945.249	384.945.249
Total		**12.232.488**	**12.599.437**	**9.696.751**	**655.622.254**	**690.150.930**

15.2.4 Market rating

The bonds issued on the Chilean market had the following rating at December 31, 2016:

AA : ICR Compañía Clasificadora de Riesgo Ltda. rating
AA : Fitch Chile Clasificadora de Riesgo Limitada rating

The rating of bonds issued on the international market as of December 31, 2016 is the following:

BBB : Standard&Poors rating
BBB+ : Fitch Chile Clasificadora de Riesgo Limitada rating.

15.2.5 Restrictions

15.2.5.1 Restrictions regarding bonds placed abroad.

On September 26, 2013, Andina issued a bond in the U.S. Market (Bonds USA) for US$575 million at a coupon rate of 5.000% maturing on October 1, 2023. These bonds do not have financial restrictions.

15.2.5.2 Restrictions regarding bonds placed in the local market.

For purposes of the calculation of the covenants, the amount of EBITDA that was agreed on each bond issue is included.

Restrictions regarding the issuance of bonds for a fixed amount registered under number 254.

During 2001, Andina placed local bonds in the Chilean market. The issuance was structured into two series, one of which matured during 2008.

The outstanding series as of December 31, 2016 is Series B for a nominal amount of up to UF 4 million, of which amount UF 3.7 million in bonds were placed with final maturity in the year 2026 at a 6.50% annual interest rate. The balance of outstanding capital as of December 31, 2016 is UF2,535 million.

Series B was issued with charge to the Bonds Line registered with the Securities Registered under number 254 dated June 13, 2001.

Regarding Series B, the Issuer is subject to the following restrictions:

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Consolidated Equity will be regarded as total equity including non-controlling interest.

  As of December 31, 2016, Indebtedness Level is 0.83 times of Consolidated Equity.

  The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows (in thousand Chilean pesos):

As of December 31, 2016, the values of items included in this indicator are the following:	ThCh$
Other current financial liabilities	64,800,570
Other non-current financial liabilities	721,570,587
(-) Other non-current financial assets (hedge derivatives)	(84,859,223)
Consolidated Equity	842,170,027

- Maintain, and in no manner lose, sell, assign or transfer to a third party, the geographical area currently denominated as the "Metropolitan Region" (Región Metropolitana) as a territory in Chile in which we have been authorized by The Coca-Cola Company for the development, production, sale and distribution of products and brands of the licensor, in accordance to the respective bottler or license agreement, renewable from time to time.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of this date is franchised by TCCC to the Company for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.30 times of the issuer's unsecured consolidated liabilities.

  Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

  The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of December 31, 2016, this index is 1.56 times.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2016, the values of items included in this restriction are the following:	ThCh$
Consolidated assets free of collateral, mortgages or other liens	2,075,314,621
(-) Other current and non-current financial assets (hedge derivatives)	(84,859,223)
Consolidated Assets free of pledges, mortgages or other liens (adjusted)	**1,990,455,398**
Consolidated liabilities payable not guaranteed	1,356,939,720
(-) Other current and non-current financial assets (hedge derivatives)	(84,859,223)
Unsecured Consolidated Liabilities Payable (adjusted)	**1,272,080,497**

Restrictions regarding bond lines registered in the Securities Registered under numbers 640 and 641.

As a consequence of our merger with Coca-Cola Polar S.A., Andina became a debtor of the following two bonds placed in the Chilean market in 2010:

- UF 1.0 million of Series A bonds due 2017, bearing an annual interest of 3.00%. As of December 31, 2016, the balance of outstanding capital is UF 0.250 million.
- UF 1.5 million of Series C bonds due 2031, bearing an annual interest rate of 4.00%. As of December 31, 2016, the balance of outstanding capital is UF 1.5 million.

Series A and Series C were issued with charge to the Bond Lines registered with the Securities Registrar, under numbers 640 and 641, respectively, both on August 23, 2010.

Regarding Series A and Series C, the Issuer is subject to the following restrictions:

- Maintain a level of "Net Financial Debt" within its quarterly financial statements that may not exceed 1.5 times, measured over figures included in its consolidated statement of financial position. To this end, net financial debt shall be defined as the ratio between net financial debt and total equity of the issuer (equity attributable to controlling owners plus non-controlling interest). On its part, net financial debt will be the difference between the Issuer's financial debt and cash.

  As of December 31, 2016, Net Financial Debt was 0.60 times.

  The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2016, the values of items included in this restriction are the following:	ThCh$
Other current financial liabilities	64,800,570
Other non-current financial liabilities	721,570,587
(-) Cash and cash equivalent	(141,263,880)
(-) Other current financial assets	(60,152,627)
(-) Other non-current financial assets (hedge derivatives)	(80,180,880)
Consolidated Equity	842,170,027

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.30 times of the issuer's unsecured consolidated liabilities.

  Unencumbered assets refer to the assets that meet the following conditions: are the property of the issuer; classified under Total Assets of the Issuer's Financial Statements; and that are free of any pledge, mortgage or other liens constituted in favor of third parties, less "Other Current Financial Assets" and "Other Non-Current Financial Assets" of the Issuer's Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

  Unsecured total liabilities refers to: liabilities from Total Current Liabilities and Total Non-Current Liabilities of Issuer's Financial Statement which do not benefit from preferences or privileges, less "Other Current Financial Assets" and "Other Non-Current Financial Assets" of the Issuer's Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

  As of December 31, 2016, this index is 1.56 times.

  The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2016, the values of items included in this restriction are the following:	**ThCh$**
Consolidated assets free of collateral, mortgages or other liens	2,075,314,621
(-) Other current and non-current financial assets (hedge derivatives)	(84,859,223)
Consolidated Assets free of pledges, mortgages or other liens (adjusted)	**1,990,455,398**
Consolidated liabilities payable not guaranteed	1,356,939,720
(-) Other current and non-current financial assets (hedge derivatives)	(84,859,223)
Unsecured Consolidated Liabilities Payable (adjusted	**1,272,080,497**

- Maintain a level of "Financial net coverage" in its quarterly financial statements of more than 3 times. Net financial coverage means the ratio between the Issuer's Ebitda for the past 12 months and net financial expenses (financial income less financial expenses) of the issuer for the past 12 months. However, this restriction will be considered breached when the mentioned net financial coverage level is lower than the level previously indicated during two consecutive quarters.

  As of December 31, 2016 Net Financial Coverage level is 6.91 times.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2016, the values of items included in this indicator are the following:	ThCh$
(1) Consolidated Ebitda between January 1 and December 31, 2016	288,238,888
Consolidated Financial income between January 1 and December 31, 2016	9,661,692
Consolidated Financial expenses between January 1 and December 31, 2016	51,374,971

(1) For the purpose of calculating the covenant, EBITDA was calculated as agreed in the bond issue.

Restrictions regarding bond lines registered in the Securities Registrar under numbers 759 and 760.

During 2013 and 2014, Andina placed local bonds in the Chilean market. The issuance was structured into three series.

- Series C outstanding as of December 31, 2016, for a nominal value of up to UF 3 million, of which bonds were placed for a nominal amount of UF1.0 million with final maturity during year 2020 at an annual interest rate of 3.50% issued against line number 759. Outstanding capital as of December 31, 2016 is UF 1.0 million.

- Series D and E outstanding at December 31, 2016 for a total nominal value of UF 8 million, of which UF 4 million were placed in bonds during August, 2013 (series D) and UF 3 million during April, 2014 (series E), with final maturity in 2034 and 2035, respectively, issued with charge against line number 760. The annual interest rates are 3.8% for Series D and 3.75% for Series E. The outstanding capital balance at December 31, 2016 of both series amounts to UF 7.0 million.

Regarding Series C, D and E, the Issuer is subject to the following restrictions:

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) cash and cash equivalent and (iv) other current financial assets, and (v) other non-current financial assets (to the extent they are asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

  As of December 31, 2016, Indebtedness Level is 0.60 times of Consolidated Equity.

  The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2016, the values of items included in this restriction are the following:	ThCh$
Other current financial liabilities	64,800,570
Other non-current financial liabilities	721,570,587
(-) Cash and cash equivalent	(141,263,880)
(-) Other current financial assets	(60,152,627)
(-) Other non-current financial assets (hedge derivatives)	(80,180,880)
Consolidated Equity	842,170,027

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.30 times of the issuer's unsecured consolidated liabilities payable.

  Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

  The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of December 31, 2016, this index is 1.56 times.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2016, the values of items included in this restriction are the following:	**ThCh$**
Consolidated assets free of collateral, mortgages or other liens	2,075,314,621
(-) Other current and non-current financial assets (hedge derivatives)	(84,859,223)
Consolidated Assets free of pledges, mortgages or other liens (adjusted)	**1,990,455,398**
Consolidated liabilities payable not guaranteed	1,356,939,720
(-) Other current and non-current financial assets (hedge derivatives)	(84,859,223)
Unsecured Consolidated Liabilities Payable (adjusted)	**1,272,080,497**

- Maintain, and in no manner lose, sell, assign or transfer to a third party, the geographical area currently denominated as the "Metropolitan Region" as a territory franchised to the Issuer in Chile by The Coca-Cola Company, hereinafter also referred to as "**TCCC**" or the "**Licensor**" for the development, production, sale and distribution of products and brands of said licensor, in accordance to the respective bottler or license agreement, renewable from time to time. Losing said territory, means the non-renewal, early termination or cancellation of this license agreement by TCCC, for the geographical area today called "Metropolitan Region". This reason shall not apply if, as a result of the loss, sale, transfer or disposition, of that licensed territory is purchased or acquired by a subsidiary or an entity that consolidates in terms of accounting with the Issuer.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of these instruments is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term "Adjusted

Consolidated Operating Cash Flow" shall mean the addition of the following accounting accounts of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Profit" which includes regular activities and cost of sales; less (ii) "Distribution Costs"; less (iii) "Administrative Expenses"; plus (iv) "Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method"; plus (v) "Depreciation"; plus (vi) "Intangibles Amortization".

As of December 31, 2016 and 2015, the Company complies with all financial collaterals.

15.2.6 Repurchased bonds

In addition to UF bonds, the Company holds bonds that it has repurchased in full through companies that are included in the consolidation:

Through its subsidiaries, Abisa Corp S.A. (formerly Pacific Sterling), Embotelladora Andina S.A. repurchased its Bonds USA issued on the U.S. Market during the years 2000, 2001, 2002, 2007 and 2008. The entire placement amounted to US$350 million, of which US$200 million are outstanding at December 31, 2013. On December 15, 2014, Embotelladora Andina S.A. rescued US$200 million in outstanding bonds from its subsidiary Abisa Corp S.A., thus since legally debtor and creditor are joined in a single entity, the mentioned bond liability becomes extinguished.

The subsidiary Rio de Janeiro Refrescos Ltda. maintains a liability corresponding to a bond issuance for US $75 million due in December 2020 and semi-annual interest payments. At December 31, 2016 these issues are held by Andina. On January 1, 2013, Abisa Corp S.A. transferred the totality of this asset to Embotelladora are Andina S.A., the latter becoming the creditor of the above-mentioned Brazilian subsidiary. Consequently, the assets and liabilities related to the transaction have been eliminated from these consolidated financial statements. In addition, the transaction has been treated as a net investment of the group in the Brazilian subsidiary; consequently, the effects of exchange rate differences between the dollar and the functional currency of each one have been recorded in other comprehensive income.

15.3.1 Derivative contract obligations

Please see details in Note 20.

15.4.1 Current liabilities for leasing agreements

Indebted Entity		Creditor Entity							Maturity		Total	
Name	Country	Tax ID	type	Type	Currency	Amortization Type	Effective rate	Nominal rate	Up to 90 days	91 days to 1 year	at 12.31.2016	At 12.31.2015
									ThCh$	ThCh$	ThCh$	ThCh$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	223,697	793,008	1,016,705	1,044,284
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	148,366	723,881	872,247	780,248
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeracao Ligth Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	153,523	520,604	674,127	412,292
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	20,840	89,892	110,732	198,443
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brazil	Brazilian real	Monthly	9.39%	9.38%	8,057	242	8,299	103,144
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	24,684	78,630	103,314	97,260
Total											**2,785,424**	**2,635,671**

15.4.2 Bank obligations, non-current December 31, 2016

Indebted Entity			Creditor Entity							Maturity					
Tax ID	Name	Country	Tax,ID	Name	type	Currency	Amortization Type	Effective rate	Nominal Rate	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More 5 years	at 12.31.2016
										ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeracao Ligth Esco	Brazil	Brazilian real	Monthly	13,00%	12,28%	2,476,445	2.234.004	2.138.183	2.138.183	7.535.257	16.522.072
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9,65%	9,47%	591,576	—	—	—	—	591.576
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10,21%	10,22%	54,327	—	—	—	—	54.327
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8,54%	8,52%	624,937	—	—	—	—	624.937
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12,00%	12,00%	356,794	—	—	—	—	356.794
Total															**18,149,706**

15.4.2 Non-Current liabilities for leasing agreements December 31, 2015

Indebted Entity		Creditor Entity							Maturity					
Name	Country	Tax,ID	Name	Type	Currency	Amortization type	Effective rate	Nominal rate	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	more 5 years	at 12.31.2015
									ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeracao Ligth Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	1,940,324	2,799,686	2,799,686	2,799,686	4,858,265	15,197,647
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	437,913	84,568	—	—	—	522,481
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	327,205	—	—	—	—	327,205
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	269,316	245,255	—	—	—	514,571
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brazil	Brazilian real	Monthly	9.39%	9.38%	7,226	—	—	—	—	7,226
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	488,074	—	—	—	—	488,074
Total														**17,057,204**

NOTE 16 — TRADE AND OTHER CURRENT ACCOUNTS PAYABLE

Trade and other current accounts payable are detailed as follows:

Item	12.31.2016 ThCh$	12.31.2015 ThCh$
Trade accounts payable	179,246,672	167,492,719
Withholdings tax	45,504,119	35,009,855
Accounts payable Inamar Ltda. (1)	8,312,403	7,784,836
Others	19,282,989	11,542,182
Total	**252,346,183**	**221,829,592**
Current	242,836,356	212,526,368
Non-current	9,509,827	9,303,224
Total	**252,346,183**	**221,829,592**

The Company maintains commercial lease agreements for forklifts, vehicles, properties and machinery. These lease agreements have an average duration of one to five years excluding renewal options. No restrictions exist with respect to the lessee by virtue of these lease agreements.

Accruable liabilities pursuant to the Company's operating leasing agreements are as follows:

	ThCh$
Maturity within one year	5,685,460
Maturity long-term	1,229,766
Total	**6,915,226**

Total expenses related to operating leases maintained by the Company as of December 31, 2016 and 2015 amounted to ThCh$5,725,325 and ThCh$6,604,204 respectively.

(1) On December 3, 2015 a land was purchased from Industrias Metalurgicas Inamar Ltda. for an amount of ThCh$17,292,040 equivalent to 675,000 UFs, of which there is a balance payable of ThCh$8,312,403 equivalent to 303.750 UFs. Such balance payable will be paid in one installment maturing in 18 more months regarding the closing date. To guarantee the payment of this obligation the land has been mortgaged to in favor of Industrias Metalurgicas Inamar Ltda.

NOTE 17 — CURRENT AND NON-CURRENT PROVISIONS

17.1 Balances

The composition of this account is the following:

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Litigation (1)	73,081,893	64,301,817
Total	**73,081,893**	**64,301,817**

(1) Corresponds to the provision for probable fiscal, labor and trade contingency losses based on the opinion of our legal advisors, according to the following breakdown:

Detail (see note 21.1)	12.31.2016 ThCh$	12.31.2015 ThCh$
Tax Contingencies	63,543,782	54,208,233
Labor Contingencies	7,940,428	5,774,453
Civil Contingencies	1,597,683	4,319,131
Total	**73,081,893**	**64,301,817**

17.2 Movements

Movement of provisions is detailed as follows:

Description	12.31.2016 Litigation ThCh$	12.31.2016 Others ThCh$	12.31.2016 Total ThCh$	12.31.2015 Litigation ThCh$	12.31.2015 Others ThCh$	12.31.2015 Total ThCh$
Opening Balance at January	**64,301,817**	**—**	**64,301,817**	**77,812,345**	**—**	**77,812,345**
Additional provisions	1,047,308	—	1,047,308	243,330	—	243,330
Increase (decrease) in existing provisions	(1,519,800)	—	(1,519,800)	1,893,402	—	1,893,402
Payments	4,276,851	—	4,276,851	343,359	—	343,359
Reverse unused provision(*)	(2,774,703)	—	(2,774,703)	(182,670)	—	(182,670)
Increase (decrease) due to foreign exchange differences	7,750,420	—	7,750,420	(15,807,949)	—	(15,807,949)
Total	**73,081,893**	**—**	**73,081,893**	**64,301,817**	**—**	**64,301,817**

(*)Corresponds to reversal of provisions for fines requested from the Brazilian Tax authorities on the use of fiscal credits IPI in the free zone of Manaus, since during September 2016 there was favorable ruling on the subject for Rio de Janeiro Refrescos Ltda. from Brazil's Superior Chamber of Fiscal Resources (CSFR)

NOTE 18 — OTHER CURRENT AND NON-CURRENT NON-FINANCIAL LIABILITIES

Other current and non-current liabilities at each reporting period end are detailed as follows:

Description	12.31.2016 ThCh$	12.31.2015 ThCh$
Dividend payable	19,358,263	17,093,596
Other	1,413,318	714,538
Total	**20,771,581**	**17,808,134**
Current	20,612,791	17,565,643
Non-current	158,790	242,491
Total	**20,771,581**	**17,808,134**

NOTE 19 — EQUITY

19.1 Number of shares:

Series	Number of shares subscribed			Number of shares paid in			Number of voting shares		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
A	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301
B	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303

19.1.1 Equity:

Series	Subscribed Capital			Paid-in capital		
	2016	2015	2014	2016	2015	2014
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
A	135,379,504	135,379,504	135,379,504	135,379,504	135,379,504	135,379,504
B	135,358,070	135,358,070	135,358,070	135,358,070	135,358,070	135,358,070
Total	**270,737,574**	**270,737,574**	**270,737,574**	**270,737,574**	**270,737,574**	**270,737,574**

19.1.2 Rights of each series:

- Series A : Elect 12 of the 14 Directors
- Series B : Receives an additional 10% of dividends distributed to Series A and elects 2 of the 14 Directors.

19.2 Dividend policy

According to Chilean law, cash dividends must be paid equal to at least 30% of annual net profit, barring a unanimous vote by shareholders to the contrary. If there is no net profit in a given year, the Company will not be legally obligated to pay dividends from retained earnings. At the ordinary Shareholders' Meeting held in April 2016, the shareholders agreed to pay out of the 2015 earnings are final dividend to complete the 30% required by the Law 18,046 which was paid in May 2016, and an additional dividend was paid in August 2016.

Pursuant to Circular Letter N° 1,945 of the Chilean Superintendence of Securities and Insurance dated September 29, 2009, the Company's Board of Directors decided to maintain the initial adjustments from adopting IFRS as retained earnings for future distribution.

Retained earnings at the date of IFRS adoption amounted to ThCh$ 19,260,703, of which ThCh$ 8,367,144 have been realized at December 31, 2016 and are available for distribution as dividends in accordance with the following:

Description	Event when amount is realized	Amount of accumulated earnings at 01.01.2009	Realized at 12.31.2016	Amount of accumulated earnings at 12.31.2016
		ThCh$	ThCh$	ThCh$
Revaluation of assets parent Company	Sale or impairment	14,800,384	(11,836,739)	2,963,645
Foreign currency translation differences of investments in related companies and subsidiaries	Sale or impairment	4,653,301	2,962,009	7,615,310
Full absorption cost accounting parent Company	Sale of products	305,175	(305,175)	—
Post-employment benefits actuarial calculation parent Company	Termination of employees	946,803	(632,199)	314,604
Deferred taxes complementary accounts parent Company	Amortization	(1,444,960)	1,444,960	—
Total		**19,260,703**	**(8,367,144)**	**10,893,559**

The dividends declared and paid are presented below:

Dividend payment date		Dividend type	Profits imputable to dividends	Ch$ per Series A Share	Ch$ per Series B Share
2015	January	Interim	2014	9.00	9.90
2015	May	Final	2014	15.00	16.50
2015	August	Additional	Retained Earnings	15.00	16.50
2015	October	Interim	2015	15.00	16.50
2016	January	Interim	2015	17.00	18.70
2016	May	Final	2015	17.00	18.70
2016	August	Additional	Retained Earnings	17.00	18.70
2016	October	Interim	2016	17.00	18.70
2016	December(*)	Interim	2016	19.00	20.90

(*) As of December 31, 2016, this dividend was pending of payment, and pursuant to the agreements of the Board of Directors' meeting held in December, it will become available to shareholders beginning January 26, 2017.

19.3 Reserves

The balance of other reserves include the following:

Description	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Polar acquisition	421,701,520	421,701,520	421,701,520
Foreign currency translation reserves	(168,744,355)	(167,447,157)	(53,285,698)
Cash flow hedge reserve	(2,448,175)	27,087,214	6,125,615
Reserve for employee benefit actuarial gains or losses	(1,785,032)	(1,796,285)	(1,237,993)
Legal and statutory reserves	5,435,538	5,435,538	5,435,538
Total	**254,159,496**	**284,980,830**	**378,738,982**

19.3.1 Polar acquisition

This amount corresponds to the fair value of the issuance of shares of Embotelladora Andina S.A., used to acquire Embotelladoras Coca-Cola Polar S.A.

19.3.2 Cash flow hedge reserve

They arise from the fair value of the existing derivative contracts that have been qualified for hedge accounting at the end of each financial period. When contracts are expired, these reserves are adjusted and recognized in the income statement in the corresponding period (see Note 20).

19.3.3 Reserve for employee benefit actuarial gains or losses

Corresponds to the restatement effect of employee benefits actuarial losses that according to IAS 19 amendments must be carried to other comprehensive income.

19.3.4 Legal and statutory reserves

In accordance with Official Circular No. 456 issued by the Chilean Superintendence of Securities and Insurance, the legally required price-level restatement of paid-in capital for 2009 is presented as part of other equity reserves and is accounted for as a capitalization from Other Reserves with no impact on net income or retained earnings under IFRS. This amount totaled ThCh$ 5,435,538 at December 31, 2009

19.3.5 Foreign currency translation reserves

This corresponds to the conversion of the financial statements of foreign subsidiaries whose functional currency is different from the presentation currency of the consolidated financial statements. Additionally exchange differences between accounts receivable kept by the companies in Chile with foreign subsidiaries are presented in this account, which have been treated as investment equivalents accounted for using the equity method. A breakdown of translation reserves is presented below:

Details	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Brazil	(58,306,230)	(88,444,294)	(30,861,504)
Argentina	(108,386,213)	(84,913,998)	(56,273,418)
Paraguay	10,545,453	21,728,456	41,657,749
Exchange rate differences in related companies	(12,597,365)	(15,817,321)	(7,808,525)
Total	**(168,744,355)**	**(167,447,157)**	**(53,285,698)**

The movement of this reserve for the fiscal years ended December 31, 2016, 2015 and 2014 is detailed as follows:

Details	12.31.2016 ThCh$	12.31.2015 ThCh$	12.31.2014 ThCh$
Brazil	30,138,065	(57,582,790)	5,264,204
Argentina	(23,472,215)	(28,640,580)	(10,185,483)
Paraguay	(11,183,004)	(19,929,293)	33,070,967
Exchange rate differences in related companies	3,219,956	(8,008,796)	92,325
Total	**(1,297,198)**	**(114,161,459)**	**28,242,013**

19.3.6 Consolidated statements of comprehensive income

As of December 31, 2016, 2015 and 2014, the detail of the comprehensive income and loss of the term is as follows:

	Gross Balance ThCh$	Tax ThCh$	Net Balance ThCh$
Cash flow for hedge (1)	(42,836,575)	13,301,186	(29,535,389)
Exchange rate translation differences (1)	148,686	(2,431,408)	(2,282,722)
Actual income (loss) from defined benefit plan	(29,423)	7,060	(22,363)
Total other comprehensive income as of December 31, 2016	**(42,717,312)**	**10,876,838**	**(31,840,474)**

	Gross Balance ThCh$	Tax ThCh$	Net Balance ThCh$
Cash flow for hedge (1)	31,134,391	(10,172,792)	20,961,599
Exchange rate translation differences (1)	(119,212,803)	4,604,711	(114,608,092)
Actual income (loss) from defined benefit plan	(744,445)	148,877	(595,568)
Total other comprehensive income as of December 31, 2015	**(88,822,857)**	**(5,419,204)**	**(94,242,061)**

	Gross Balance ThCh$	Tax ThCh$	Net Balance ThCh$
Cash flow for hedge (1)	5,909,129	(2,041,658)	3,867,471
Exchange rate translation differences (1)	28,309,535	663,705	28,973,240
Actual income (loss) from defined benefit plan	(140,749)	31,580	(109,169)
Total other comprehensive income as of December 31, 2014	**34,077,915**	**(1,346,373)**	**32,731,542**

(1) These concepts will be reclassified to the statements of income when it is settled.

The movement of comprehensive income and loss is as follows:

As of December 31, 2016:

	Cash Flow Hedge ThCh$	Exchange rate Differences ThCh$	Actual income (loss) from defined benefit plan ThCh$
Increase (decrease)	(119,668,724)	148,686	(359,258)
Deferred taxes	38,337,727	(2,431,408)	86,222
Reclassification to the result by function	76,802,629	—	313,341
Reclassification of deferred taxes related to other reserves	(25,007,021)	—	(62,668)
Total Changes in Equity	**(29,535,389)**	**(2,282,722)**	**(22,363)**
Equity holders of the parent	(29,535,389)	(1,297,198)	11,253
Non-Controlling interests	—	(985,524)	(33,616)
Total Changes in equity as of December 31, 2016	**(29,535,389)**	**(2,282,722)**	**(22,363)**

As of December 31, 2015:

	Cash Flow Hedge ThCh$	Exchange rate Differences ThCh$	Actual income (loss) from defined benefit plan ThCh$
Increase (decrease)	144,373,046	(119,212,803)	(1,016,400)
Deferred taxes	(46,055,955)	4,604,711	228,690
Reclassification to the result by function	(114,423,713)	—	240,177
Reclassification of deferred taxes related to other reserves	37,068,221	—	(48,035)
Total Changes in Equity	**20,961,599**	**(114,608,092)**	**(595,568)**
Equity holders of the parent	20,961,599	(114,161,459)	(558,292)
Non-Controlling interests	—	(446,633)	(37,276)
Total Changes in equity as of December 31, 2015	**20,961,599**	**(114,608,092)**	**(595,568)**

As of December 31, 2014:

	Cash Flow Hedge ThCh$	Exchange rate Differences ThCh$	Actual income (loss) from defined benefit plan ThCh$
Increase (decrease)	24,530,698	28,309,535	(342,990)
Deferred taxes	(5,645,337)	663,705	72,028
Reclassification to the result by function	(20,790,848)	—	202,241
Reclassification of deferred taxes related to other reserves	5,772,958	—	(40,448)
Total Changes in Equity	**3,867,471**	**28,973,240**	**(109,169)**
Equity holders of the parent	3,867,471	28,242,013	(109,169)
Non-Controlling interests	—	731,227	—
Total Changes in equity as of December 31, 2014	**3,867,471**	**28,973,240**	**(109,169)**

19.4 Non-controlling interests

This is the recognition of the portion of equity and income from subsidiaries that are owned by third parties, Details of this account at December 31, 2016, 2015 and 2014 is the following:

	Non-controlling Interests								
	Percentage %			Shareholders Equity			Income		
Details	2016	2015	2014	2016	2015	2014	2016	2015	2014
				ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Embotelladora del Atlántico S.A.	0.0171	0.0171	0.0171	12,209	14,484	13,181	5,502	5,262	2,014
Andina Empaques Argentina S.A.	0.0209	0.0209	0.0209	2,062	2,220	2,093	785	798	536
Paraguay Refrescos S.A.	2.1697	2.1697	2.1697	5,337,687	5,522,797	5,996,843	504,806	406,211	400,771
Vital S.A.	35.0000	35.0000	35.0000	9,054,947	8,891,548	8,910,290	319,858	(4,556)	(286,878)
Vital Aguas S.A.	33.5000	33.5000	33.5000	2,027,879	1,967,652	1,948,634	23,744	50,933	21,517
Envases Central S.A.	40.7300	40.7300	40.7300	5,129,661	4,661,764	4,832,197	668,425	(224,206)	179,243
Total				**21,564,445**	**21,060,465**	**21,703,238**	**1,523,120**	**234,442**	**317,203**

19.5 Earnings per share

The basic earnings per share presented in the statement of comprehensive income is calculated as the quotient between income for the period and the average number of shares outstanding during the same period.

Earnings per share used to calculate basic and diluted earnings per share is detailed as follows:

	12.31.2016		
Earnings per share	**SERIES A**	**SERIES B**	**TOTAL**
Earnings attributable to shareholders (ThCh$)	43,107,979	47,418,012	90,525,991
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	**91.08**	**100.19**	**95.64**

	12.31.2015		
Earnings per share	**SERIES A**	**SERIES B**	**TOTAL**
Earnings attributable to shareholders (ThCh$)	41,840,108	46,023,376	87,863,484
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	**88.40**	**97.24**	**92.82**

	12.31.2014		
Earnings per share	**SERIES A**	**SERIES B**	**TOTAL**
Earnings attributable to shareholders (ThCh$)	24,702,640	27,172,444	51,875,084
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	**52.19**	**57.41**	**54.80**

NOTE 20 — DERIVATIVE ASSETS AND LIABILITIES

Embotelladora Andina currently maintains "Cross Currency Swaps" and "Currency Forward" agreements as Derivative Financial Assets

Cross Currency Swaps, also known as interest rate and currency swaps, are valued by the method of discounted future cash flows at a rate corresponding to the risk of the operation. The basis of the information used in the calculations is obtained in the market by using the Bloomberg terminal. Currently Embotelladora Andina maintains Cross Currency Swap for UF/USD and BRL/USD, for which it is necessary to discount future cash flows in UFs, in Brazilian Reais and in U.S. Dollars. For this calculation, the Company uses as discount curves, the UF Zero-Coupon, the Brazilian Real Zero-Coupon and the U.S. Dollar Zero-Coupon.

On the other hand, the fair value of forward currency contracts is calculated in reference to current forward exchange rates for contracts with similar maturity profiles. To perform the above calculation, the Company uses market information available on the Bloomberg terminal.

As of the closing date, the Company held the following derivative instruments at December 31, 2016 and 2015:

20.1 Derivatives accounted for as cash flow hedges:

a) Cross Currency Swap Itau Credit

As of December 31, 2016, the Company maintained derivative contracts to ensure U.S. dollar denominated bank liabilities in Brazil amounting to ThUS$17,951, to convert them to liabilities in Brazilian Real. The valuation of these contracts was performed at their fair values, yielding a receivable value of ThCh$ 4,678,343 at December 31, 2016, which is presented in other financial assets non-current. These swap contracts have the same terms of the underlying bond obligation and expire in 2017. In addition, fair value exceeding the hedged items of ThCh$ 138,039 (ThCh$ 959,012 in December 31, 2015) has been recognized within other equity reserves as of December 31, 2016. The amount of exchange differences recognized in the statement of income related to financial liabilities in U.S. dollars that were absorbed by the amounts recognized under Comprehensive Income amounted to ThCh$ 2,645,178 as of December 31, 2016.

b) Cross Currency Swaps associated with US Bonds

At December 31, 2016, the Company entered into cross currency swap derivative contracts to convert US Dollar public bond obligations of US$570 million into UF and Real liabilities to hedge the Company's exposure to variations in foreign exchange rates. The valuation of these contracts was carried out at their fair values, resulting in a net receivable amount as of December 31, 2016 of ThCh$80,180,880 which is presented in other non-current financial assets. These swap contracts have the same terms of the underlying bond obligation and expire in 2023. Additionally, the fair value of these derivatives which is lower than the hedged items amounted to ThCh$1,759,742 and has been recognized within other equity reserves as of December 31, 2016. The ineffective portion amount of ThCh$3,378,484 in losses associated with this hedge was recorded in other gains and losses at December 31, 2016.

The amount of exchange differences recognized in the statement of income related to financial liabilities in U.S. dollars and the identified effective portion that was absorbed by the amounts recognized under comprehensive income amounted to ThCh$ 43,947,726 at December 31, 2016.

20.2. Forward currency transactions expected to be very likely:

During 2016, the Company entered into foreign currency forward contracts to hedge its exposure to expected future raw materials purchases in US Dollars during the year 2016 and 2017. The total amount of outstanding forward contracts were US$61.1 million at December 31, 2016 (US$0.15 million at December 31, 2015). These agreements were recorded at fair value, resulting in a net loss due to hedge recycling of ThCh$5,202,703 for the period ended December 31, 2016, and a hedge liability of ThCh$1,229,354 at December 31, 2016 (liability of ThCh$107,428 at December 31, 2015). The agreements that ensure future flows of foreign currency have been designated as hedge, at December 31, 2016, there is a balance of ThCh$826,474 to be recycled to income statement.

Futures contracts that ensure prices of future raw materials have not been designated as hedge agreements, since they do not fulfill IFRS documentation requirements, whereby its effects on variations in fair value are accounted for directly under statements of income in the “other gains and losses” account.

Fair value hierarchy

The Company had total assets related to its foreign exchange derivative contracts of ThCh$84,859,223 and liabilities to ThCh$1,229,354 at December 31, 2016 (assets for ThCh$181,474,306 and liabilities for ThCh$107,428 at December 31, 2015). Those contracts covering existing items have been classified in the same category of hedged, the net amount of derivative contracts by concepts covering forecasted items have been classified in financial assets and financial liabilities, All the derivative contracts are carried at fair value in the consolidated statement of financial position, The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for assets and liabilities that are not based on observable market data.

During the reporting period, there were no transfers of items between fair value measurement categories; all of which were valued during the period using level 2.

	Fair Value Measurements at December 31, 2016			
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh$	Observable market data (Level 2) ThCh$	Unobservable market data (Level 3) ThCh$	Total ThCh$
Assets				
Current assets				
Other current financial assets				
Current financial assets	—	4,678,343	—	4,678,343
Other non-current financial assets	—	80,180,880	—	80,180,880
Total assets	**—**	**84,859,223**	**—**	**84,859,223**
Liabilities				
Current liabilities				
Other current financial liabilities	—	1,229,354	—	1,229,354
Total liabilities	**—**	**1,229,354**	**—**	**1,229,354**

	Fair Value Measurements at December 31, 2015			
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh$	Observable market data (Level 2) ThCh$	Unobservable market data (Level 3) ThCh$	Total ThCh$
Assets				
Current assets				
Other current financial assets	—	—	—	—
Other non-current financial assets	—	181,474,306	—	181,474,306
Total assets	—	**181,474,306**	**—**	**181,474,306**
Liabilities				
Current liabilities				
Other current financial liabilities	—	107,428	—	107,428
Total liabilities	—	**107,428**	**—**	**107,428**

NOTE 21 — CONTINGENCIES AND COMMITMENTS

21.1 Lawsuits and other legal actions:

In the opinion of the Company's Management and its legal counsel, the Parent Company and its subsidiaries do not face judicial or extra-judicial contingencies that might result in material or significant losses or gains, except for the following:

1) Embotelladora del Atlántico S.A. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling ThCh$1,283,274. Management considers it unlikely that non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. Additionally Embotelladora del Atlántico S.A. maintains time deposits for an amount of ThCh$974,785 to guaranty judicial liabilities.

2) Rio de Janeiro Refrescos Ltda. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling ThCh$71,115,841. Management considers it unlikely that non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. As it is customary in Brazil, Rio de Janeiro Refrescos Ltda. maintains judicial deposits and assets given in pledge to secure the compliance of certain processes, irrespective of whether these have been classified as a possible, probable or remote. The amounts deposited

or pledged as a legal guarantees as of December 31, 2016 and 2015 amounted to ThCh$103,351,097 and ThCh$86,364,210 respectively.

Part of the assets given as warranty by Rio de Janeiro Refrescos Ltda. as of December 31, 2014, are in the process of being released and others have been released with the exchange of Warranty Insurance and Bail Letters entered into amounting to R$561,593,627 with different financial institutions and insurance companies in Brazil, through which these entities after a 0.6% commission, become responsible of fulfilling obligations with the Brazilian tax authorities should any trial result against Rio de Janeiro Refrescos Ltda. Additionally, if the warranty and bail letters are executed, Rio de Janeiro Refrescos Ltda. promises to reimburse to the financial institutions and Insurance Companies any amounts disbursed by them to the Brazilian government.

Main contingencies faced by Rio de Janeiro Refrescos are as follows:

a) Tax contingencies resulting from credits on tax on industrialized products (IPI).

Rio de Janeiro Refrescos is a party to a series of proceedings under way, in which the Brazilian federal tax authorities demand payment of value-added tax on industrialized products (*Imposto sobre Produtos Industrializados*, or IPI) allegedly owed by ex-Companhia de Bebidas Ipiranga. The initial amount demanded reached R$1,330,473,161 (historical amount without adjustments), corresponding to different trials related to the same cause. In June 2014, one of these trials for R$598,745,218, was resolved in favor of the Company, however, there are new lawsuits arising after the purchase of ex-Companhia de Bebidas Ipiranga (October 2013) that amount to R$307,375,039.

The Company rejects the position of the Brazilian tax authority in these procedures, and considers that Companhia de Bebidas Ipiranga was entitled to claim IPI tax credits in connection with purchases of certain exempt raw materials from suppliers located in the Manaus free trade zone.

Based on the opinion of its advisers, and judicial outcomes to date, Management estimates that these procedures do not represent probable losses, and has not recorded a provision on these matters.

Notwithstanding the above, the IFRS related to business combination in terms of distribution of the purchase price establish that contingencies must be measured one by one according to their probability of occurrence and discounted at fair value from the date on which it is deemed the loss can be generated. According to this criteria, from a total of identified contingencies amounting R$1,211,152,520 (including readjustments of current lawsuits), the Company recorded a provision R$196,930,959 equivalent to ThCh$40,452,692.

b) Tax contingencies on ICMS and IPI causes.

They refer mainly to tax settlements issued by advance appropriation of ICMS credits on fixed assets, payment of the replacement of ICMS tax to the operations, untimely IPI credits calculated on bonuses, among other claims.

The Company does not consider that these judgments will result in significant losses, given that their loss is considered unlikely. However, the accounting standards of financial information related to business combination in terms of distribution of the purchase price, establish contingencies must be valued one by one according to their probability of occurrence and discounted to fair value from the date on which it is deemed that the loss can be generated. According to this criteria, an initial provision has been made in the business combination accounting for an amount of R$ 78.2 million equivalent to ThCh$ 16,054,458.

3) Embotelladora Andina S.A. and its Chilean subsidiaries face labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling ThCh$622,993. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

   On December 27, 2016, Andina confirmed to the Coca-Cola Company its decision to participate in the “AdeS” business and market such products in all of its franchise territories. The total amount that Andina pledged to invest amounts to approximately $42 million, and the operation is expected to be materialized within the first quarter of 2017.

   On December 27, 2016, Embotelladora Andina S.A. signed a promissory purchase agreement for property located in the Region of Antofagasta amounting to 136,476 UFs. The purchase transaction should take place during the first quarter of 2017, in the event of a breach by any of the parties, compensation will result in damages amounting to 27,000 UFs.

4) Paraguay Refrescos S.A. faces tax, trade, labor and other lawsuits. Accounting provisions have been made for the contingency of any loss because of these lawsuits amounting to ThCh$ 59,785. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

21.2 Direct guarantees and restricted assets:

Guarantees and restricted assets are detailed as follows:

Guarantees that compromise assets including in the financial statements:

Guarantee in favor of	Provided by Name	Relationship	Committed assets Guarantee	Type	Balance pending payment on the closing date of the financial statements 12.31.2016	12.31.2015
					ThCh$	ThCh$
Industria Metalúrgica Inamar Ltda.	Embotelladora Andina S.A.	Parent Company	Land	Property, plant and equipment	17,777,078	17,292,040
Gas licuado Lipigas S.A.	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	1,140	1,140
Nazira Tala	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	3,416	3,416
Nazira Tala	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	3,508	3,508
Inmob. e Invers. Supetar Ltda.	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Trade and other receivables	4,579	4,579
María Lobos Jamet	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Trade and other receivables	2,565	2,565
Hospital Militar	Servicios Multivending Ltda.	Subsidiary	Cash and cash equivalents	Trade and other receivables	4,648	—
Reclamaciones Trabajadores	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	3,833,788	2,499,232
Reclamaciones civiles y tributarias	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	14,304,401	7,929,131
Instituciones gubernamentales	Rio de Janeiro Refrescos Ltda.	Subsidiary	Property, plant and equipment	Property, plant and equipment	85,212,908	75,935,847
Distribuidora Baraldo S.H.	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	843	1,089
Acuña Gomez	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,264	1,634
Municipalidad San Martin Mza	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	15,167	19,606
Nicanor López	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	904	1,168
Labarda	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	15	—
Municipalidad Bariloche	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	230,599	96,045
Municipalidad San Antonio Oeste	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	93,005	2,316
Municipalidad Carlos Casares	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	3,761	4,862
Municipalidad Chivilcoy	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	581,668	538,968
Otros	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	179	—
Granada Maximiliano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	7,584	9,803
CICSA	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Otros activos no financieros corrientes	23,468	30,335
Locadores varios	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Otros activos no financieros corrientes	47,397	11,297
Aduana de EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Otros activos no financieros corrientes	11,226	47,023
Municipalidad de Junin	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	7,356	9,508
Almada Jorge	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	11,315	14,626
Municipalidad de Picun Leufu	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	163	—
Fondo Fima Ahorro Plus C	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, financial assets	588,485	—
Fondo Fima Ahorro Pesos C	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, financial assets	588,299	—
Fondo Fima Premium B	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, financial assets	407,792	—
Farías Matías Luis	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	20,367	—
Gomez Alejandra Raquel	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	79	—
Lopes Gustavo Gerardo /Inti Saic y otro	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	516	—
Marcus A.Peña	Paraguay Refrescos	Subsidiary	Property, plant and equipment	Property, plant and equipment	4,017	—
Mauricio J Cordero C	Paraguay Refrescos	Subsidiary	Property, plant and equipment	Property, plant and equipment	871	—

Jorge Routi Maltese	Paraguay Refrescos	Subsidiary	Property, plant and equipment	Property, plant and equipment	755	—
Total					**123,795,126**	**104,459,738**

Guarantees provided without obligation of assets included in the financial statements:

Guarantee in favor of	Provided by Name	Relationship	Committed assets Guarantee	Type	Amounts involved 12-31-2016 ThCh$	12-31-2015 ThCh$
Linde Gas Chile	Embotelladora Andina S.A.	Parent Company	Guarantee insurance	Guarantee insurance	—	639,144
Echeverría, Izquierdo Ingeniería y Construcción.	Embotelladora Andina S.A.	Parent Company	Guarantee insurance	Guarantee insurance	—	536,315
Importadora Casa y Regalos	Trans-Heca S.A.	Subsidiary	Guarantee insurance	Compliance with lease	2,050	—
Inmobiliaria e Inversiones Gestion Activa Ltda	Red de Transportes Comerciales Ltda.	Subsidiary	Guarantee insurance	Compliance with lease	4,585	—
Inmobiliaria Portofino	Red de Transportes Comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	900	—
Teléfonica Chile S.A.	Red de Transportes Comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	1,000	—
Inmobiliaria San Martin Logista S.A	Red de Transportes Comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	3,461	—
Procesos trabajadores	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	1,236,439	575,583
Procesos administrativos	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	4,885,075	2,370,025
Gobierno Federal	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	87,773,855	74,198,243
Gobierno Estadual	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	14,674,244	10,450,612
HSBC	Sorocaba Refescos S.A.	Associate	Loan	co-signers	4,108,312	3,637,369
Otros	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	2,682,170	3,234,566
Aduana de Ezeiza	Andina Empaques S.A.	Subsidiary	Guarantee insurance	Faithful fulfillment of contract	369,963	235,981
Aduana de Ezeiza	Embotelladora del Atlántico S.A.	Subsidiary	Guarantee insurance	Faithful fulfillment of contract	1,142,642	—

NOTE 22 — FINANCIAL RISK MANAGEMENT

The Company's businesses are exposed to a variety of financial and market risks (including foreign exchange risk, interest rate risk and price risk). The Company's global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the performance of the Company. The Company uses derivatives to hedge certain risks. Below is a description of the primary policies established by the Company to manage financial risks.

Interest Rate Risk

At December 31, 2016, the Company maintains all of its debt liabilities at a fixed rate as to avoid fluctuations in financial expenses resulting from tax rate increases.

The Company's greatest indebtedness corresponds to own issued Chilean local bonds at a fixed rate in the amount of UF12.3 million denominated in UF ("UF"), a currency indexed to inflation in Chile (the Company's sales are correlated with the UF variation).

There is also the Company's indebtedness on the international market through a 144A/RegS Bond at a fixed rate for US$575 million, denominated in dollars, and practically 100% of which has been re-denominated to UF and BRL through Cross Currency Swaps.

Credit risk

The credit risk to which the Company is exposed comes mainly from trade accounts receivable maintained with retailers, wholesalers and supermarket chains in domestic markets; and the financial investments held with banks and financial institutions, such as time deposits, mutual funds and derivative financial instruments.

a. Trade accounts receivable and other current accounts receivable

Credit risk related to trade accounts receivable is managed and monitored by the area of Finance and Administration of each business unit. The Company has a wide base of more than 100 thousand clients implying a high level of atomization of accounts receivable, which are subject to policies, procedures and controls established by the Company. In accordance with such policies, credits must be based objectively, non-discretionary and uniformly granted to all clients of a same segment and channel, provided these will allow generating economic benefits to the Company. The credit limit is checked periodically considering payment behavior. Trade accounts receivable pending of payment are monitored on a monthly basis.

i. Sale Interruption:

In accordance with Corporate Credit Policy, the interruption of sale must be within the following framework: when a customer has outstanding debts for an amount greater than US$ 250,000, and over 60 days expired, sale is suspended. The General Manager in conjunction with the Finance and Administration Manager authorize exceptions to this rule, and if the outstanding debt should exceed US$1,000,000, and in order to continue operating with that client, the authorization of the Chief Financial Officer is required. Notwithstanding the foregoing, each operation can define an amount lower than US$250,000 according to the country's reality.

ii. Impairment

The impairment recognition policy establishes the following criteria for provisions: 30% is provisioned for 31 to 60 days overdue, 60% between 60 and 91 days, 90% between 91 and 120 days overdue and 100% for more than 120 days. Exemption of the calculation of global impairment is given to credits whose delays in the payment correspond to accounts disputed with the customer whose nature is known and where all necessary documentation for collection is available, therefore, there is no uncertainty on recovering them. However, these accounts also have an impairment provision as follows: 40% for 91 to 120 days overdue, 80% between 120 and 170, and 100% for more than 170 days.

iii. Prepayment to suppliers

The Policy establishes that US$25,000 prepayments can only be granted to suppliers if its value is properly and fully provisioned. The Treasurer of each subsidiary must approve supplier warranties that the Company receives for prepayments before signing the respective service contract. In the case of domestic suppliers, a warranty ballot (or the instrument existing in the country) shall be required, in favor of Andina executable in the respective country, non-endorsable, payable on demand or upon presentation and its validity will depend on the term of the contract. In the case of foreign suppliers, a stand-by credit letter will be required which shall be issued by a first line bank; in the event that this document is not issued in the country where the transaction is done, a direct bank warranty will be required. Subsidiaries can define the best way of safeguarding the Company's assets for prepayments under US$25,000.

iv. Guarantees

In the case of Chile, we have insurance with Compañìa de Seguros de Crédito Continental S.A. (AA rating -according to Fitch Chile and Humphreys rating agencies) covering the credit risk regarding trade debtors in Chile for 87% both for the existing as well as the expired debt, total amount of the trade debtors in Chile reached ThCh$63,683,603 A provision of ThCh$963,239 has been made for the portion of past due outstanding debt portfolio not covered by the insurance.

The rest of the operations do not have credit insurance, instead mortgage guarantees are required for volume operations of wholesalers and distributors in the case of trade accounts receivables. In the case of other debtors, different types of guarantees are required according to the nature of the credit granted.

Historically, uncollectible trade accounts have been lower than 0.5% of the Company's total sales.

b. Financial investments

The Company has a Policy that is applicable to all of the companies of the group in order to cover credit risks for financial investments, restricting both the types of instruments as well as the institutions and degree of concentration. The companies of the group can invest in:

a. Time deposits: only in banks or financial institutions that have a risk rating equal or higher than Level 1 (Fitch) or equivalent for deposits of less than 1 year and rated A (S&P) or equivalent for deposits of more than 1 year.

b. Mutual funds: investments with immediate liquidity and no risk of capital (funds composed of investments at a fixed-term, current account, fixed rate Tit BCRA, negotiable obligations, Over Night, etc.) in all those counter-parties that have a rating greater than or equal to AA-(S&P) or equivalent, Type 1 Pacts and Mutual Funds, with AA+ rating (S&P) or equivalent.

c. Other investment alternatives must be evaluated and authorized by the office of the Chief Financial Officer.

Exchange Rate Risk

The company is exposed to three types of risk caused by exchange rate volatility:

a) Exposure of foreign investment: this risk originates from the translation of net investment from the functional currency of each country (Brazilian Real, Paraguayan Guaraní, and Argentine Peso) to the Parent Company's reporting currency (Chilean Peso). Appreciation or devaluation of the Chilean Peso with respect to each of the functional currencies of each country, originates decreases and increases in equity, respectively. The Company does not hedge this risk.

a.1 Investment in Argentina

As of December 31, 2016, the Company maintains a net investment of ThCh$81,447,999 in Argentina, composed by the recognition of assets amounting to ThCh$214,093,450 and liabilities amounting to Ch$132,645,451. These investments accounted for 29.0% of the Company's consolidated sales revenues

As of December 31, 2016, the Argentine peso devalued 22.6% with respect to the Chilean peso.

During 2015 exchange restrictions existed in Argentina and until mid-December, there was a parallel foreign exchange market with a higher than the official exchange rate. With the arrival of the new Argentine Government, fixing exchange rate is lightened by increasing parity of the Argentine peso
versus dollar at the close to values similar to those that kept the parallel market.

If the exchange rate of the Argentinean Peso devaluated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Argentina of ThCh$1,687,219 and decrease in equity of ThCh$3,439,361, originated by lower asset recognition of ThCh$7,856,163 and by lower liabilities recognition of ThCh$4,416,802.

a.2 Investment in Brazil

As of December 31, 2016, the Company maintains a net investment of ThCh$265,915,377 in Brazil, composed by the recognition of assets amounting to ThCh$815,130,087 and liabilities amounting to ThCh$549,214,710. These investments accounted for 33.2% of the Company's consolidated sales revenues.

As of December 31, 2016, the Brazilian Real appreciated 12.9% with respect to the Chilean peso.

If the exchange rate of the Brazilian Real appreciated an additional 5% with respect to the Chilean Peso, the Company would have higher income from the operation in Brazil of ThCh$1,544,203 and increase in equity of ThCh$13,104,827, originated by higher asset recognition of ThCh$43,921,399 and by higher liabilities recognition of ThCh$30,816,572.

a.3 Investment in Paraguay

As of December 31, 2016, the Company maintains a net investment of ThCh$245,695,548 in Paraguay, composed by the recognition of assets amounting to ThCh$278,899,377 and liabilities amounting to ThCh$33,203,829. These investments accounted for 7.4% of the Company's consolidated sales revenues.

As of December 31, 2016, the Paraguayan Guarani devaluated 4.6% with respect to the Chilean peso.

If the exchange rate of the Paraguayan Guaraní devaluated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operations in Paraguay of ThCh$1,103,429 and a decrease in equity of ThCh$11,560,677 originated by lower asset recognition of ThCh$13,325,177 and lower liabilities recognition of ThCh$1,764,500.

b) Net exposure of assets and liabilities in foreign currency: the risk stems mostly from carrying liabilities in US dollar, so the volatility of the US dollar with respect to the functional currency of each country generates a variation in the valuation of these obligations, with consequent effect on results**.**

As of December 31, 2016, the Company maintains a net liability position totaling ThCh$348,701,380, basically composed of obligations with the public and bank liabilities for ThCh$401,775,008 offset partially by financial assets denominated in dollars for ThCh$53,073,628.

Of total financial liabilities denominated in US dollars, ThCh$12,017,942 come from debts taken by the Brazilian operation and are exposed to the volatility of the Brazilian Real against the US dollar. On the other ThCh$ 389,757,066 of US dollar liabilities correspond to Chilean operations, which are exposed to the volatility of the Chilean Peso against the US dollar.

In order to protect the Company from the effects on income resulting from the volatility of the Brazilian Real and the Chilean Peso against the U.S. dollar, the Company maintains derivative contracts (cross currency swaps) to cover almost 100% of US dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean Peso and the Brazilian Real against the US dollar, are mitigated annulling its exposure to exchange rates.

The Company's net exposure as of December 31, 2016 to foreign currency over existing assets and liabilities, discounting the derivatives contracts, is an asset position of ThCh$49,580,028.

c) Assets purchased or indexed to foreign currency exposure: this risk originates from purchases of raw materials and investments in property, plant and equipment, whose values are expressed in a currency other than the functional currency of the subsidiary. Changes in the value of costs or investments can be generated through time, depending on the volatility of the exchange rate.

Annual purchases of raw materials denominated or indexed in U.S. dollars, amounts to 19% of our cost of sales or approximately US$340 million.

In order to minimize this risk, the Company maintains a currency hedging policy stipulating that it is necessary to enter into foreign currency derivatives contracts to lessen the effect of the exchange rate over cash expenditures expressed in US dollars, corresponding mainly to payment to suppliers of raw materials in each of the operations. This policy stipulates a 12-month forward horizon. As of December 31, 2016, US$61.1 million for future purchases have been hedged-for the following 12 months.

According to the percentage of purchases of raw materials which are carried out or indexed to U.S. dollars, a possible change in the value of the US dollar by 5% in the four countries where the Company operates, and excluding derivatives contracts taken to mitigate the effect of currency volatility, keeping everything constant, would lead to a lower accumulated result amounting to ThCh$6,157,736 as of December 31, 2016. Currently, the Company has contracts to hedge this effect in Chile, Argentina and Brazil.

Commodities risk

The Company is subject to a risk of price fluctuations in the international markets mainly for sugar, aluminum and PET resin, which are inputs required to produce beverages and, as a whole, account for 35% to 40% of operating costs. Procurement and anticipated purchase contracts are made frequently to minimize and/or stabilize this risk. The possible effects in these consolidated financial statements, in case of a 5% increase in prices of its main raw materials, would be a reduction of ThCh$9,146,930 in earnings for the period ended December 31, 2016. To minimize this risk or stabilize often supply contracts and anticipated purchases are made when market conditions warrant.

Liquidity risk

The products we sell are mainly paid for in cash and short-term credit; therefore, the Company´s main source of financing comes from the cash flow of our operations. This cash flow has historically been sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved by the General Shareholders' Meeting. Should additional funding be required for future geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where the Company operates; and (iii) public equity offerings

The following table presents an analysis of the Company's committed maturities for liability payments throughout the coming years:

	Maturity				
Item	**1 year**	**More 1 year up to 2**	**More 2 years up to 3**	**More 3 up to 4**	**More 4 years**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Bank debt	22,879,819	9,385,718	6,572,034	3,506,721	169,822
Bond payable	51,385,557	44,422,896	44,194,339	43,965,786	803,923,288
Operating lease obligations	11,508,146	5,818,408	4,127,417	26,150,476	886,191
Purchase obligations	190,795,088	56,772,247	8,212,547	371,998	317,189
Total	**276,568,610**	**116,399,269**	**63,106,337**	**73,994,981**	**805,296,490**

NOTE 23 — EXPENSES BY NATURE

Other expenses by nature are:

Details	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Direct production costs	776,824,622	841,498,727	841,172,891
Payroll and employee benefits	288,293,137	296,611,242	264,644,018
Transportation and distribution	153,675,961	181,481,242	172,927,314
Marketing	39,981,813	43,676,871	48,109,609
Depreciation and amortization	97,334,452	100,632,332	102,966,925
Repairs and maintenance	34,511,508	33,732,510	34,374,318
Other expenses	173,168,224	164,164,860	146,232,108
Total	**1,563,789,717**	**1,661,797,784**	**1,610,427,183**

NOTE 24 — OTHER INCOME

Other income is detailed as follows:

Details	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Earnings from sale of ownership interest in Leao Junior	—	—	300,816
Gain on disposal of property, plant and equipment	318,771	233,255	2,533,546
PIS/CONFINS Leasing tax recovery	1,034,040	—	—
Others	408,088	238,314	1,136,261
Total	**1,760,899**	**471,569**	**3,970,623**

NOTE 25 — OTHER EXPENSES

Other expenses are detailed as follows:

Details	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Contingencies and Non-operating fees	9,959,181	8,866,661	3,502,207
Tax on bank debits	7,006,261	8,219,046	6,130,568
Disposal and write-off of property, plant and equipment	4,800,278	3,979,594	5,812,123
Donations flood repairs and northern Chile	—	214,856	2,034,119
Others	999,447	702,891	1,112,254
Total	**22,765,167**	**21,983,048**	**18,591,271**

NOTE 26 — FINANCIAL INCOME AND EXPENSES

Financial income and expenses are detailed as follows:

a) Finance income

Details	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Interest income	8,466,177	9,175,522	7,770,198
Other interest income	1,195,515	942,853	885,425
Total	**9,661,692**	**10,118,375**	**8,655,623**

b) Finance expenses

Details	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Bond interest	41,652,154	42,096,039	44,917,601
Bank loan interest	3,990,853	8,115,445	15,029,145
Other interest costs	5,731,964	5,457,733	5,134,685
Total	**51,374,971**	**55,669,217**	**65,081,431**

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NOTE 27 — OTHER (LOSSES) AND GAIN

Other (losses) and gains are detailed as follows:

Details	01.01.2016 12.31.2016 ThCh$	01.01.2015 12.31.2015 ThCh$	01.01.2014 12.31.2014 ThCh$
Gains (loss) on derivative transactions raw materials	(1,466)	(1,620,304)	196,009
(Losses) gains on ineffective portion of hedge derivatives (see note 20 b)	(3,378,484)	(4,698,187)	(5,995,530)
Previous year allowance reversals	—	—	1,411,030
Other income and expenses	(7,427)	17,370	(3,614)
Total	**(3,387,377)**	**(6,301,121)**	**(4,392,105)**

NOTE 28 — LOCAL AND FOREIGN CURRENCY

Local and foreign currency balances as of December 31, 2016 and 2015 are the following:

CURRENT ASSETS	12.31.2016 ThCh$	12.31.2015 ThCh$
Cash and cash equivalents	**141,263,880**	**129,160,939**
US$Dollars	53,073,628	13,598,302
Euros	4,926	1,859
Chilean pesos	48,891,546	35,545,272
Brazilian Real	26,072,201	43,215,795
Argentine Pesos	5,105,633	27,168,042
Paraguayan Guarani	8,115,946	9,631,669
Other financial assets	**60,152,627**	**87,491,931**
Unidad de Fomento	53,868,075	87,491,453
Brazilian Real	4,699,975	—
Argentine Pesos	1,584,577	478
Other non-financial assets	**8,601,209**	**8,686,156**
US$Dollars	37,052	37,370
Chilean pesos	5,830,276	4,883,158
Brazilian Real	1,773,583	2,157,877
Argentine Pesos	370,574	813,706
Paraguayan Guarani	589,724	794,045
Trade and other accounts receivable, net	**190,524,354**	**176,385,836**
US$Dollars	1,265,303	772,358
Euros	308,578	159,318
Unidad de Fomento	2,354,310	2,085,824
Chilean pesos	71,977,019	68,893,839
Brazilian Real	74,902,213	66,063,716
Argentine Pesos	33,859,436	31,780,221
Paraguayan Guarani	5,857,495	6,630,560
Accounts receivable from related companies	**5,788,683**	**4,610,500**
Chilean pesos	5,788,683	4,610,500
Inventory	**144,709,348**	**133,333,253**
US$Dollars	5,469,362	583,647
Euros	6,634	—
Chilean pesos	34,276,101	42,552,421
Brazilian Real	41,670,656	32,192,760
Argentine Pesos	51,163,685	45,200,226
Paraguayan Guarani	12,122,910	12,804,199
Current tax assets	**1,702,296**	**7,741,241**
Chilean pesos	—	5,562,239
Brazilian Real	1,702,296	2,179,002
Argentine Pesos	—	—
Total Current Assets	**552,742,397**	**547,409,856**
US$Dollars	59,845,345	14,991,677
Euros	320,138	161,177
Unidad de Fomento	56,222,385	89,577,277
Chilean pesos	166,763,625	162,047,429
Brazilian Real	150,820,924	145,809,150
Argentine Pesos	92,083,905	104,962,673
Paraguayan Guarani	26,686,075	29,860,473

NON-CURRENT ASSETS	12.31.2016	12.31.2015
	ThCh$	ThCh$
Other financial assets	**80,180,880**	**181,491,527**
Chilean pesos	16,697,871	41,335,207
Brazilian Real	63,483,009	140,156,320
Other non-financial assets	**35,246,823**	**18,289,901**
US$Dollars	—	36,890
Unidad de Fomento	269,333	253,553
Chilean pesos	188,472	950,370
Brazilian Real	32,660,854	14,115,166
Argentine Pesos	2,079,079	2,669,665
Paraguayan Guarani	49,085	264,257
Trade and other receivables	**3,527,732**	**5,931,999**
Unidad de Fomento	3,436,831	5,443,951
Chilean pesos	7,021	389,439
Argentine Pesos	5,425	3,196
Paraguayan Guarani	78,455	95,413
Accounts receivable from related parties	**147,682**	**14,732**
Chilean pesos	147,682	14,732
Investments accounted for under the equity method	**77,197,781**	**54,190,546**
Chilean pesos	23,854,602	17,793,783
Brazilian Real	53,343,179	36,396,763
Intangible assets other than goodwill	**680,996,062**	**665,666,655**
Chilean pesos	306,067,525	306,346,125
Brazilian Real	208,399,580	184,337,841
Argentine Pesos	1,233,441	1,678,095
Paraguayan Guarani	165,295,516	173,304,594
Goodwill	**102,919,505**	**95,835,936**
Chilean pesos	9,523,767	9,523,768
Brazilian Real	80,125,090	70,940,216
Argentine Pesos	5,972,515	7,720,202
Paraguayan Guarani	7,298,133	7,651,750
Property, plant and equipment	**666,150,885**	**640,529,872**
US$Dollars	1,038,400	213,046
Euros	5,787,857	14,889
Chilean pesos	277,939,125	286,554,400
Brazilian Real	221,111,732	185,976,882
Argentine Pesos	89,379,062	89,728,516
Paraguayan Guarani	70,894,709	78,042,139
Total Non-Current Assets	**1,646,367,350**	**1,661,951,168**
US$Dollars	1,038,400	249,936
Euros	5,787,857	14,889
Unidad de Fomento	3,706,164	5,697,504
Chilean pesos	634,426,065	662,907,824
Brazilian Real	659,123,444	631,923,188
Argentine Pesos	98,669,522	101,799,674
Paraguayan Guarani	243,615,898	259,358,153

CURRENT LIABILITIES	As of December 31, 2016 Until 90 days ThCh$	More 90 days until 1 year ThCh$	Total ThCh$	As of December 31, 2015 Until 90 days ThCh$	More 90 days until 1 year ThCh$	Total ThCh$
Other financial liabilities	**12,287,632**	**52,512,938**	**64,800,570**	**10,462,227**	**51,755,461**	**62,217,688**
US$Dollars	24,684	18,038,219	18,062,903	23,237	17,290,210	17,313,447
Unidad de Fomento	10,035,543	12,637,744	22,673,287	6,656,770	8,779,270	15,436,040
Chilean peso	—	9,148,589	9,148,589	—	8,517,730	8,517,730
Brazilian real	1,816,540	10,358,970	12,175,510	2,762,291	9,698,687	12,460,978
Argentine peso	410,865	1,590,238	2,001,103	1,019,929	6,880,534	7,900,463
Paraguayan guarani	—	739,178	739,178	—	589,030	589,030
Trade and other accounts payable	**240,350,658**	**2,485,698**	**242,836,356**	**212,481,849**	**44,519**	**212,526,368**
US$Dollars	8,331,196	—	8,331,196	6,375,519	—	6,375,519
Euros	4,958,363	—	4,958,363	3,095,017	—	3,095,017
Unidad de Fomento	8,312,403	—	8,312,403	60,256	—	60,256
Chilean peso	68,190,344	2,466,116	70,656,460	67,973,784	—	67,973,784
Brazilian real	58,354,740	—	58,354,740	49,371,155	—	49,371,155
Argentine peso	85,051,314	19,582	85,070,896	77,976,299	44,519	78,020,818
Paraguayan guarani	7,152,298	—	7,152,298	7,629,819	—	7,629,819
Trade and other accounts payable to related companies	**44,120,335**	**—**	**44,120,335**	**46,349,316**	**2,303,511**	**48,652,827**
US$Dollars	—	—	—	5,689,731	2,303,511	7,993,242
Chilean peso	12,927,085	—	12,927,085	18,331,259	—	18,331,259
Brazilian real	20,917,319	—	20,917,319	16,806,693	—	16,806,693
Argentine peso	10,275,931	—	10,275,931	5,521,633	—	5,521,633
Provisions	**622,993**	**59,785**	**682,778**	**263,411**	**62,682**	**326,093**
Chilean peso	622,993	—	622,993	263,411	—	263,411
Paraguayan guarani	—	59,785	59,785	—	62,682	62,682
Income taxes payable	**—**	**10,828,593**	**10,828,593**	**—**	**7,494,832**	**7,494,832**
Chilean peso	—	2,785,425	2,785,425	—	—	—
Argentine peso	—	7,613,012	7,613,012	—	7,312,031	7,312,031
Paraguayan guaraní	—	430,156	430,156	—	182,801	182,801
Employee benefits current provisions	**—**	**35,653,431**	**35,653,431**	**—**	**31,790,759**	**31,790,759**
Chilean peso	—	6,177,733	6,177,733	—	5,709,834	5,709,834
Brazilian real	—	17,117,494	17,117,494	—	13,908,362	13,908,362
Argentine peso	—	11,640,535	11,640,535	—	11,505,671	11,505,671
Paraguayan guarani	—	717,669	717,669	—	666,892	666,892
Other non-financial liabilities	**1,705,768**	**18,907,023**	**20,612,791**	**—**	**17,565,643**	**17,565,643**
Unidad de Fomento	204,724	—	204,724	—	—	—
Chilean peso	1,198,755	18,729,079	19,927,834	—	17,446,738	17,446,738

Argentine peso	302,289	—	302,289	—	4,097	4,097
Paraguayan guarani	—	177,944	177,944	—	114,808	114,808
Total current liabilities	**299,087,386**	**120,447,468**	**419,534,854**	**269,556,803**	**111,017,407**	**380,574,210**
US$Dollars	8,355,880	18,038,219	26,394,099	12,088,487	19,593,721	31,682,208
Euros	4,958,363	—	4,958,363	3,095,017	—	3,095,017
Unidad de Fomento	18,552,670	12,637,744	31,190,414	6,717,026	8,779,270	15,496,296
Chilean peso	82,939,177	39,306,942	122,246,119	86,568,454	31,674,302	118,242,756
Brazilian real	81,088,599	27,476,464	108,565,063	68,940,139	23,607,049	92,547,188
Argentine peso	96,040,399	20,863,367	116,903,766	84,517,861	25,746,852	110,264,713
Paraguayan guarani	7,152,298	2,124,732	9,277,030	7,629,819	1,616,213	9,246,032

NON-CURRENT LIABILITIES	As of December 31, 2016 More than 1 until 3 years	More than 3 years until 5 years	More than 5 years	Total	As of December 31, 2015 More than 1 until 3 years	More than 3 years until 5 years	More than 5 years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities	**45,118,483**	**30,672,918**	**645,779,186**	**721,570,587**	**60,634,069**	**36,078,613**	**668,586,662**	**765,299,344**
US$ Dollars	—	—	379,760,266	379,760,266	13,169,505	—	402,719,166	415,888,671
Unidad de Fomento	25,399,983	23,132,311	258,325,173	306,857,467	31,185,811	24,633,712	261,009,231	316,828,754
Brazilian real	19,361,706	7,540,607	7,693,747	34,596,060	16,183,222	11,444,901	4,858,265	32,486,388
Argentine peso	356,794	—	—	356,794	95,531	—	—	95,531
Trade and other payables	**9,509,827**	—	—	**9,509,827**	**9,303,224**	—	—	**9,303,224**
US$ Dollars	1,200,187	—	—	1,200,187	1,460,394	—	—	1,460,394
Unidad de Fomento	8,003,199	—	—	8,003,199	7,819,135	—	—	7,819,135
Chilean peso	304,124	—	—	304,124	—	—	—	—
Argentine peso	2,317	—	—	2,317	23,695	—	—	23,695
Provisions	**72,399,115**	—	—	**72,399,115**	**63,975,724**	—	—	**63,975,724**
Brazilian real	71,115,841	—	—	71,115,841	62,508,137	—	—	62,508,137
Argentine peso	1,283,274	—	—	1,283,274	1,467,587	—	—	1,467,587
Deferred income tax liabilities	**13,035,795**	**14,627,908**	**97,945,099**	**125,608,802**	**16,951,042**	**15,726,891**	**97,523,768**	**130,201,701**
Chilean peso	—	—	97,945,099	97,945,099	—	—	97,523,768	97,523,768
Brazilian real	16,659,246	—	—	16,659,246	17,930,877	—	—	17,930,877
Argentine peso	(3,623,451)	—	—	(3,623,451)	(979,835)	—	—	(979,835)
Paraguayan guarani	—	14,627,908	—	14,627,908	—	15,726,891	—	15,726,891
Post-employment benefit liabilities	**364,502**	—	**7,793,243**	**8,157,745**	**213,835**	—	**8,016,195**	**8,230,030**
Chilean peso	181,257	—	7,793,243	7,974,500	—	—	8,016,195	8,016,195
Paraguayan guarani	183,245	—	—	183,245	213,835	—	—	213,835
Other non-financial liabilities	**158,790**	—	—	**158,790**	**242,491**	—	—	**242,491**
Brazilian real	158,790	—	—	158,790	242,491	—	—	242,491
Total non-current liabilities	**140,586,512**	**45,300,826**	**751,517,528**	**937,404,866**	**151,320,385**	**51,805,504**	**774,126,625**	**977,252,514**
US$ Dollars	1,200,187	—	379,760,266	380,960,453	14,629,899	—	402,719,166	417,349,065
Unidad de Fomento	33,403,182	23,132,311	258,325,173	314,860,666	39,004,946	24,633,712	261,009,231	324,647,889
Chilean peso	485,381		105,738,342	106,223,723	—	—	105,539,963	105,539,963
Brazilian real	107,295,583	7,540,607	7,693,747	122,529,937	96,864,727	11,444,901	4,858,265	113,167,893
Argentine peso	(1,981,066)	—	—	(1,981,066)	606,978	—	—	606,978
Paraguayan guarani	183,245	14,627,908	—	14,811,153	213,835	15,726,891	—	15,940,726

NOTE 29 — THE ENVIRONMENT (Unaudited)

The Company has made disbursements totaling ThCh$1,532,451 for improvements in industrial processes, equipment to measure industrial waste flows, laboratory analysis, consulting on environmental impacts and others.

These disbursements by country are detailed as follows:

	Period ended 2016		Future commitments	
Country	**Recorded as expenses**	**Capitalized to property, plant and equipment**	**To be Recorded as expenses**	**To be capitalized to property, plant and equipment**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Chile	386,479	—	—	—
Argentina	477,425	—	196,025	—
Brazil	204,832	138,288	135,440	72,220
Paraguay	52,994	272,433	—	—
Total	**1,121,730**	**410,721**	**331,465**	**72,220**

NOTE 30 — SUBSEQUENT EVENTS

On December 27th 2016, Coca-Cola Andina confirmed its decision to The Coca-Cola Company to participate in the "AdeS" business and commercialize such products in all of its franchised territories. As a result, this operation materialized on March 28th 2017, which according to agreements implied allocating US$18 million for distribution rights and US$21 million for shareholding rights in companies.

Exhibit 4.28

INTERNATIONAL DISTRIBUTION AGREEMENT

This INTERNATIONAL DISTRIBUTION AGREEMENT (“Agreement”) is entered into as of , 2016 (the “Effective Date”) between MONSTER ENERGY COMPANY, a Delaware corporation, with offices at 1 Monster Way, Corona, California 92879 (“MEC”) and RIO DE JANEIRO REFRESCOS LTDA. (“Distributor”). MEC and Distributor are referred to herein collectively as the “parties” and individually as a “party” hereto.

1 . <u>Recitals and Definitions</u>

a. Distributor is a leading distributor of beverages throughout the Territory (as defined below) and has substantial experience in the distribution of beverages. Distributor has developed and implemented successful marketing plans and/or systems for such distribution and which are substantially associated with the trademarks and trade name of The Coca-Cola Company (“KO”). KO has designated Distributor, and MEC wishes to appoint Distributor, as a distributor of Products (as defined below) as part of Distributor’s business operations and systems, with performance to commence as of , 2016, or such other date as may be mutually agreed by the parties in writing, but which in no event shall be later than , 2016 (the “Commencement Date”).

b. When used herein: (i) the word “Products” means (x) all Energy Drinks (as defined below) in any form, that are offered, packaged and/or marketed by MEC or any of its Affiliates at any time after the Effective Date in the Territory under the primary brand name “Monster” or any other primary brand name having “Monster” as a derivative or part of such name, and /or containing the as a primary brand component, and which may, but are not required, to contain the mark, and/or the icon, and (y) such additional beverage products, whether marketed under the Trademarks (as defined below) or otherwise, as MEC and Distributor shall agree from time to time by executing a mutually agreed upon amended Exhibit A. MEC and Distributor shall use commercially reason able efforts to periodically review and update Exhibit A on a reasonable basis throughout the Term. The Products shall include all sizes of SKUs as m ay be determined by MEC and offered, packaged and/or marketed by MEC or any of its Affiliates in good faith from time to time; (ii) the word “Territory” means the territory identified in Exhibit B hereto; (iii) the words “Distributor’s Accounts” mean all accounts or classes of accounts in the Territory (including those set forth as exclusive or non-exclusive Distributor’s Accounts on Exhibit C hereto), other than those reserved for MEC as identified on Exhibit C; (iv) the word “Trademarks” means those names and marks identified on Exhibit D hereto; (v) the words “Energy Drink/s” mean any shelf-stable, in ready-to-drink, powdered, drops or concentrate form, non-alcoholic beverage that satisfies all of the following conditions: (A) it is marketed or positioned to consumers as an energy beverage, (B) it contains one or more of the following ingredients: guarana, taurine, panax ginseng, L-carnitine, B-2 vitamins, B-6 vitamins, B-12 vitamins, L-arginine, astralagus, glucuronolactone or inositol (or, to the extent approved by KO, which approval shall not be unreasonably withheld, conditioned or delayed, any ingredients substituting for or supplementing any of the foregoing ingredients) and (C) it has at least five (5) milligrams of caffeine per ounce (the “Caffeine Requirement”), except that (l) Products under the brand Monster Energy Unleaded (substantially as such Products are formulated, manufactured, marketed and/or sold as of the date hereof, and any line extensions or expansions of such Products marketed under such brand) shall not be required to meet the Caffeine Requirement; and (2) the Caffeine Requirement shall be reduced in respect of any particular territory to the extent that any final law applicable to MEC in such territory imposing restrictions on the on-going business activities of MEC is enacted by a Governmental Entity having jurisdiction over such territory that either (I) specifically establishes a maximum caffeine concentration that is lower than the Caffeine Requirement (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration permitted by such law) or (II) is reasonably expected, based on the good faith judgment of MEC, to have an adverse impact on MEC's business, sales or profitability in such territory due to the caffeine concentration of the Products exceeding a specified level (including, for example, a material tax imposed on beverages with caffeine concentrations above a stated amount but excluding, for the avoidance of doubt, any age or similar restriction on the manner of sale of such beverages) (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration that would not have such adverse impact); it being agreed that affected Products in any affected territory may be reformulated by MEC to the extent necessary to comply with any such law or to avoid such adverse impact; (vi) the word "Affiliates" means as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act of 1933 of the United States of America; (vii) the word "Person" means an individual or firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision there to) or other entity of any kind; and (viii) the words "Governmental Entity" mean any (A) nation, state, county, city, town, village, district, or other jurisdiction of any nature, (B) federal, state, local, municipal, foreign, or other government, (C) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (D) body exercising, or entitled to exercise, any administrative, executive, judicial , legislative, police, regulatory, or taxing authority or power of any nature. All Exhibits referred to in this Agreement shall be deemed to be incorporated into this Agreement.

2. Appointment.

a. Subject to the provisions of Section 2(j) below, with effect from the Commencement Date, MEC appoints Distributor, and Distributor accepts appointment, as a distributor and seller of Products to Distributor's Accounts within the Territory. Such appointment shall be exclusive with respect to each of Distributor's Accounts, except if and to the extent specifically designated as non-exclusive on Exhibit C hereto. Such appointment shall exclude any SKU/s deleted from distribution pursuant to Sections 13(b) or 13(f) below. Those categories of customers which are excluded from the definition of Distributor's Accounts are expressly reserved for MEC, or such other distributors as MEC may from time to time appoint. Distributor shall be entitled to appoint sub-distributors within the Territory provided that the terms of such appointment shall provide that the sub-distributors shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, and the terms of such appointments shall not be inconsistent with the terms and conditions of this Agreement and shall be subject to MEC's rights hereunder. Distributor's appointment of sub-distributors shall be to supplement and augment, but not to replace or substitute, wholly or partially, Distributor's resources, performance capabilities and/or ability to fully perform all of Distributor's obligations in the Territory under this Agreement, y including without limitation, as provided in Section 3 below. Distributor will remain liable for the actions, omissions and performance of all of Distributor's sub-distributors.

b. Distributor shall not directly or indirectly, alone or in conjunction with any other Person (i) actively seek or solicit customers or accounts for the Products outside the Territory or any customers or accounts located within the Territory other than Distributor's Accounts (in particular, but without limiting the above, Distributor shall not actively approach customers outside the Territory or accounts other than Distributor's Accounts in the Territory, whether by direct mail, visits, promotions or media adver1i sing targeted at such customers, or otherwise), and/or (ii) actively sell, market, distribute or actively otherwise dispose of any Products to an y Persons located outside the Territory or to any Persons located within the Territory who Distributor knows or reasonably believes will distribute or resell the Products outside the Territory, except that, subject to all of the terms and conditions of this Agreement, Distributor may sell, market, distribute, assign or otherwise transfer Products to other bottlers or distributors designated by KO that are authorized in writing by MEC for sale, marketing, distributing, assigning or otherwise transferring into such distributor's or bottler's territory. During the Term, Distributor shall purchase exclusively and directly from MEC or its nominees (and from no other Person) all of its requirements for Products. In the event Products distributed or sold by Distributor are found outside the Territory, upon MEC's reasonable request therefor, Distributor shall use Best Efforts (as defined below) to make available to representatives of MEC such sales agreements and other records relating to applicable Products as may be reasonably required for, and otherwise reasonably cooperate with MEC in, all MEC investigations relating to the sale and distribution of the Products outs ide the Territory, in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. Distributor shall use Best Efforts to promptly inform MEC if at any time any sol i citation or offer to purchase Products is made to Distributor in writing by a third party which Distributor knows would result in a breach of this Section 2(b), in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. "Best Efforts" means the efforts a prudent Person desiring in good faith to achieve a result would use in the circumstances to ensure such result is achieved as expeditiously as possible but does not require the Person subject to such obligation to take actions that would result in any materially adverse change, or any financial change which in the aggregate, or over a period of time, would result in any materially adverse change, in the benefits to such Person under this Agreement or require such Person to expend funds or extend other economic incentives, unless otherwise expressly required under this Agreement.

c. Distributor acknowledges and agrees that it has no right to distribute any products of MEC other than the Products. Any sales by MEC to Distributor of any products of MEC that are not the Products, and/or any products sold by MEC to Distributor and/or its sub-distributor(s) beyond the scope, Term (as defined below) or after the termination of this Agreement, with or without cause, for any reason or no reason at all (i) shall not constitute, be construed as, or give rise to, any express or implied distribution agreement, course of conduct or other relationship between MEC and Distributor, (ii) shall not confer upon Distributor or its sub-distributor(s) an y rights of any nature whatsoever, including without limitation to purchase, sell, market or distribute or continue to purchase, sell, market or distribute any products, including Products, or use the Trademarks other than with respect to products sold and delivered by MEC to Distributor, and (iii) shall constitute a separate transaction for each shipment of products actually delivered by MEC to Distributor and/or sub-distributor(s), in MEC's sole and absolute discretion, which MEC shall be entitled to exercise, vary, withdraw and/or cease, on a case by case basis, at any time in MEC's sole and absolute discretion. Distributor irrevocably waives, releases and discharges any claims, liabilities, actions and rights, in law or in equity, against MEC including without limitation for damages (including without limitation, consequential, special or punitive damages), compensation or severance payments or any other claims of whatsoever nature by Distributor arising from or in connection with the matters referred to in this Section 2(c) and/or an y acts, omissions or conduct of MEC with regard to such matters.

d. MEC and Distributor shall reasonably cooperate with respect to obtaining any import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. To the extent MEC reasonably requests that Distributor obtain any such licenses, permits, certificates, or governmental approvals, Distributor shall, at MEC's sole expense, use Best Efforts to obtain such import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. Distributor acknowledges and agrees that all such licenses, permits, certificates, and governmental approvals are obtained for the benefit of MEC, and are subject to Distributor's obligation to comply with the provisions of Sections 3 (x) and 12(e)(vi) below. Distributor shall also comply with any and all governmental laws, regulations, and orders which are applicable to Distributor by reason of its execution and performance of this Agreement, including any and all laws, regulations or orders in the Territory which govern or affect the ordering, export, shipment, import, sale, delivery or redelivery of Products in the Territory. Each of the parties shall notify the other of the existence and content of any provision of law which such party has actual knowledge, conflicts with any provisions of this Agreement at the time of its execution or thereafter. In the export of Products from the United States, Distributor shall further comply with the applicable law of the Territory, as well as U.S. laws and regulations governing exports, including the Export Administration Act and regulations thereunder, and the U.S. Boycott Regulations. Distributor shall use Best Efforts to provide MEC all reasonably necessary assistance in ensuring compliance by MEC, Distributor and the Products with any applicable governmental laws, regulations, orders and registration requirements for, and translations of, the Products, Product labels and any other written information as may be necessary in the Territory, in each case without limiting MEC's representations, warranties or obligations hereunder.

e. MEC and its Affiliates (if applicable) will use commercially reasonable efforts to include provisions comparable to subsections 2(b)(i) and 2(b)(ii) above in its distribution agreements with distributors in territories within Chile. lf any other distributor appointed by MEC in Chile (i) actively seeks and solicits customers in Distributor's Accounts (other than such non-exclusive Distributor's Accounts as identified on Exhibit C) for Products in the Territory, or (ii) actively sells, markets, distributes or otherwise disposes of any Products, either directly or indirectly to any Persons located within its territory who such distributor knows or reasonably believes will distribute or resell the Products inside the Territory, MEC will take commercially reasonable steps to (A) enforce MEC's rights under any distribution agreement, to the extent enforceable under such distribution agreement and applicable law, to address the importation of Products into the Territory in violation of any applicable distribution agreement relating to the Products, (B) enforce MEC's rights against any other distributors to address the importation of Products into the Territory in violation of applicable distribution agreements with such other distributors relating to the Products to which MEC or its Affiliates are a party, but only to the extent enforceable under such applicable distribution agreements and applicable law, and (C) prevent such other distributors from breaching provisions comparable to subsections 2(b)(i) and 2(b)(ii), above, but only, to the extent that MEC shall be entitled to do so pursuant to the terms of its distribution agreements with such distributors and to the extent enforceable under applicable law. Distributor shall cooperate and, if necessary and required by MEC, join with MEC in all such proceedings in accordance with the foregoing. Distributor shall have no claim, and MEC shall have no liability, arising from the sale of Products by such other distributors in the Territory, except to require MEC to enforce the above-mentioned provisions in the applicable distribution agreements.

f. lf Distributor becomes aware that corrective labeling of Products delivered by MEC to Distributor is required in order to comply with applicable law in the Territory, Distributor shall provide to MEC for MEC's written consent, which shall not be unreasonably withheld (i) written notice including details of the applicable law/s, (ii) the corrective Product label proposed by Distributor, and (iii) the estimated costs of relabeling the applicable Products. Upon receipt of MEC's written consent (which shall not be unreasonably withheld), Distributor shall affix the corrective labeling to the Products at MEC's cost provided that such cost has been approved by MEC in writing, which approval shall not be unreasonably withheld. All right, title and interest of every kind and nature in and to such corrective labeling shall be the sole and exclusive property of MEC for all purposes or uses. Distributor hereby assigns to MEC all of Distributor's right, title and interest, if any, in and to such corrective labeling, and agrees to execute any documents and take any action MEC may deem reasonably necessary or appropriate to effectuate such assignment, at MEC's reasonable request and expense.

g. The parties acknowledge that it is their current mutual intention that they will consider in due course entering into a written agreement on mutually acceptable terms to provide for the manufacture of certain Products in the Territory. This subsection 2(g) shall not be enforceable against either party unless and until an enforceable agreement has been executed by both parties.

h. Subject to and without limiting MEL's (as defined below) and its Affiliates' obligations to KO under the International Distribution Coordination Agreement (as defined below), if Distributor declines to distribute, declines to continue to distribute, or proposes not to distribute (each a "Distribution Refusal") (i) substantially all Products, as the case may be, designated by MEC in good faith for sale in the Territory, MEC shall have the right to sell any or all of the Products so designated by MEC for sale in the Territory directly or through other distributors in the Territory, to the exclusion of Distributor, or (ii) one or more of MEC's SKUs designated by MEC for sale in the Territory, MEC shall have the right (without prejudice to its right in clause (i) above) to sell such declined SKU/s directly or through other distributors in the Territory, to the exclusion of Distributor, in each case (i) and (ii) upon forty-five (45) days written notice to Distributor and KO of its intention to do so; provided that such Distribution Refusal continues to exist for such forty-five (45) day period. MEC's right to sell or have sold such Products shall be limited to the portion of the Territory for which such distribution has been declined. The "International Distribution Coordination Agreement" means the Amended and Restated International Distribution Coordination Agreement dated June 12, 2015 between KO and Monster Energy Ltd. (formerly Tauranga, Ltd.), a company organized and existing under the laws of the Republic of Ireland ("MEL") and MEC.

i. If, after the Effective Date, MEC determines to sell or otherwise distribute any Product or any SKU of any Product ("Product SK Us") in the Territory not previously sold or distributed by Distributor (each a "New Product SK U"), prior to launching or otherwise commencing the sale or other distribution of such New Product SKU, MEC shall provide Distributor the right to distribute such New Product SKUs, subject to the terms of this Agreement (and subject to and without limiting MEL's obligations to KO under the International Distribution Coordination Agreement). If Distributor declines to sell and distribute such New Product SK Us in the Territory within fifteen (15) days of MEC's request that such New Product SKUs be added, then MEC shall have the right and option, in MEC's sole and absolute discretion, to sell and distribute such refused New Product SKUs directly or through other distributors selected by MEC, to the exclusion of Distributor; provided that MEC gives such Distributor an additional fifteen (15) days written notice of MEC's intention to do so and Distributor does not commence and continue purchasing from MEC and selling such refused New Product SKUs within such additional fifteen (15) day period. MEC's right to sell or have sold such New Product SKUs shall be limited to the portion of the Territory for which such distribution has been declined.

j. Distributor acknowledges and understands that in order for this Agreement to become effective, it is necessary for MEC to terminate the existing distribution agreement/s for the Products in the Territory ("Existing Distribution Agreement/s") in accordance with the Existing Distribution Agreement/s and /or under applicable law. This Agreement is therefore conditional upon and shall not become effective until, the effective termination of the Existing Distribution Agreement/s on or before December 31, 2016 or such later date as the parties may agree in writing, at which date this Agreement shall become effective. The parties acknowledge and agree that MEC may designate a wholly owned subsidiary of MEC to perform any of MEC's obligations, and/or to exercise any of MEC's rights, under this Agreement, to the extent determined by MEC in its sale and absolute discretion, and such obligations and rights shall be deemed to have been performed and or exercised (as the case may be) by MEC.

3. Distributor's Duties.

Distributor shall:

a. Use commercially reasonable good faith efforts (i) to actively and diligently promote, solicit and push vigorously the wide distribution and sale of the Products to Distributor 's Accounts in the Territory, and (ii) to develop and exploit the full potential of the business of distributing, Marketing (as defined below) and selling the Products throughout the Territory by creating, stimulating and expanding continuously, the future demand for the Products and satisfying fully and in all respects, the current demand therefor (except to accounts reserved for MEC pursuant to Exhibit C and those MMM Accounts (as defined below) that are serviced directly by MEC in accordance with Section 14). For the purposes of this Section 3 and Section 13(a) below, "Marketing" means trade marketing, local marketing and local Product promotions in the Territory;

b. Use commercially reasonable good faith efforts to actively and diligently develop new business opportunities for Products in Distributor's Accounts in the Territory;

c. Use commercially reasonable good faith efforts to actively and diligently manage all of Distributor's sub-distributors throughout the Territory to gain system alignment to promote the sale and distribution of Products;

d. Use commercially reasonable good faith efforts to secure extensive in-stare merchandising and optimal shelf positioning in Distributor's Accounts in the Territory with respect to Products, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

e. Use commercially reasonable good faith efforts to perform complete and efficient distribution functions to and in Distributor's Accounts throughout the Territory;

f. Use commercially reasonable good faith efforts to fully implement the Annual Business Plan (as defined and to be agreed upon from time-to-time in accordance with Section 13(b) below), and use commercially reasonable good faith efforts to achieve and maintain all of the objectives set with respect thereto as contemplated in Section 13(b) below;

g. Use commercially reasonable good faith efforts to achieve and maintain the Performance Targets (as defined and determined each calendar year in accordance with Section 13(d) below);

h. In relation to the sales of the Products only, perm it MEC representatives to accompany Distributor's salesmen on sales routes in the Territory, upon reasonable advance notice to Distributor;

i. Use commercially reasonable good faith efforts to achieve optimum ambient and cold space, position, prominence, and visibility of the Products in all Distributor's Accounts in the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

j. Use commercially reasonable good faith efforts to promote and maintain an efficient, viable and financially sound system of distribution for the Products in Distributor's Accounts throughout the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

k. Provide the resources necessary for the sale, delivery, Marketing, promotion and servicing of the Products in Distributor's Accounts within the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

l. Use commercially reasonable good faith efforts to achieve and maintain Minimum Distribution Levels for the Products in Distributor 's Accounts (other than such nonexclusive Distributor's Accounts as identified on Exhibit C) as agreed upon or determined in accordance with Section 13(e) below from time to time;

m. Perform and satisfy its obligations specified in Sections 10 and 13 below;

n. Provide such sales and Marketing information in relation to the Products as may be reasonably requested by EC;

o. Comply with any applicable laws and regulations of or applicable in the Territory and shall be responsible for ensuring that all Product deliveries by Distributor within the Territory comply with all health, safety, environmental and other standards, specifications and other requirements imposed by law, regulation or order in the Territory, and applicable to the Products;

p. Assign such article numbers as may be utilized by Distributor from time to time for each Product and Product package to track sales information by its sales data collection system;

q. Cause all of its promotional and Marketing efforts and/or activities under this Agreement to be devoted solely to the Products. Unless approved by MEC's prior written consent, it shall be a violation of this subsection for (i) Products to be placed by Distributor in Equipment (as defined below) branded with the trademark of an Energy Drink other than a Product, it being agreed that Distributor may place Products in Equipment branded with another beverage other than an Energy Drink; (ii) Energy Drinks other than Products to be placed by Distributor in Equipment branded for Products; (iii) sales materials for Products created by Distributor to include trademarks of products or Energy Drinks other than Products; (iv) Distributor distributing sales material created by Distributor including trademarks of Products; and (v) Distributor's promotional pricing and/or promotional and/or Marketing activities and/or promotional and/or Marketing programs to apply to all or any Products in combination with all or any Energy Drinks other than Products sold by Distributor. It i s not a violation of this subsection for Products to be ordered, sold, delivered, or merchandised by the same Person or in the same vehicles as other products;

r. Invest all the capital and obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such warehousing, Marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for Distributor to comply with its obligations under this Agreement;

s. For its own account, budget and expend such funds for advertising, Marketing and promoting the Products in the Territory as may be reasonably required by MEC. The parties shall, pursuant to the terms of this Agreement, equally contribute financially to local Marketing programs to create, stimulate and sustain the demand for the Products in the Territory, provided that Distributor shall submit all advertising, Marketing and promotional projects relating to the Trademarks or the Products to MEC for its prior approval, and shall use, publish, maintain or distribute only such advertising, Marketing o1· promotional material relating to the Trademarks or the Products as MEC shall approve and authorize. MEC may also undertake, at its own expense and independently from Distributor, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate;

t. Use commercially reasonable good faith efforts to allocate Products in Distributor Equipment consistent with the Annual Business Plan and to the extent (and in the form and manner) agreed between Distributor and MEC, including without limitation by including at least a reasonable representation of Products in Distributor Equipment, but only where appropriate. "Distributor Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment provided by Distributor, or placed and maintained by Distributor in premises of Distributor's customers within the Territory for use in relation to the refrigeration, display, Marketing, promotion, and /or sale of all or any beverages distributed and sold by Distributor in the Territory. "MEC Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment funded by MEC and/or its Affiliate/s or provided by MEC and /or its Affiliate/s to Distributor and placed in premises of Distributor's customers within the Territory by Distributor for use in relation to the refrigeration, display, Marketing, promotion, and /or sale of all or any Products distributed and sold by Distributor in the Territory, the price of which shall be funded and pa id for equally by MEC and/or its Affiliate/s and Distributor as part of the Annual Business Plan and/or as may otherwise be agreed by the parties in writing from time to time. The appearance and branding of MEC Equipment shall be determined by MEC and/or its Affiliate/s in its discretion. Distributor Equipment and MEC Equipment shall be referred to collectively as the "Equipment;"

u . Take such steps and execute such documents as may be necessary to ensure that any MEC Equipment for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of Products, and any licenses, entitlements, consents or other rights relating to the placement or location of MEC Equipment in a customer's premises remains the exclusive, unencumbered property of MEC. Distributor shall maintain the MEC Equipment in good condition throughout the Term of this Agreement, ordinary wear and tear excepted. Upon termination of this Agreement Distributor shall deliver the MEC Equipment to MEC and/or its Affiliate/s at the location of such Equipment in the customers' premises. As the bona fide depository of the MEC Equipment, Distributor undertakes to take all commercially reasonable steps for the proper storage, preservation and use of the MEC Equipment for as long as such MEC Equipment remains serviceable, and shall be responsible for any failure to do so. If for any reason any of the MEC Equipment is removed and not recovered, Distributor shall be liable for all loss and damages arising from Distributor's breach of this Section 3(u). Distributor hereby agrees to pay MEC any loss or damages incur red by MEC with respect to replacing the MEC Equipment and securing the placement of the MEC Equipment. Distributor further agrees to maintain and to replace such Equipment at such reasonable intervals as are reasonably necessary, and the cost of any such Equipment shall be funded and paid for equally by MEC and Distributor in accordance with the terms of this Agreement and attached Exhibit E;

v. Use commercially reasonable good faith efforts to protect the reputation and goodwill of MEC, the Products, and the Trademarks, conduct business in a proper and businesslike manner and otherwise act in the best interests of MEC in relation to its Products, reputation and goodwill. Distributor shall not act or fail to act in any manner that would reasonably be expected to be detrimental to the brand image of MEC or the Products. Distributor shall not engage in any activities or practices, or fail to engage in activities or practices, that would reasonably be expected to impair the value of or otherwise damage the reputation or goodwill of MEC, the Products, or the Trademarks;

w. Maintain in stock at all times a reasonably sufficient quantity of each Product/s in relation to the demand from Distributor's Accounts in the Territory for at least a reasonable period based on such demand, subject to availability as provided by MEC; and

x. Promptly upon MEC's reasonable request and at MEC's expense, take such action and execute such document/s as may be necessary to assign or otherwise transfer to MEC or MEC's designee, any registrations, licenses, permits, certificates, and governmental approvals that Distributor may have acquired in connection with, and only to the extent it solely relates to, the sale of Products in the Territory, in each case subject to and to the extent permissible under applicable law.

4. Prices.

a. The prices ("Selling Price") to be paid by Distributor to MEC for the Products shall be reviewed and determined annually by MEC for the forthcoming year in its sole discretion after discussion with Distributor but shall be subject to adjustment in accordance with Section 4(c) below. The annual increases to the Selling Price will be communicated to Distributor no later than three (3) calendar months prior to implementation of price increases in a country within the Territory.

b. It is acknowledged that from time to time Distributor may be required by its customer/s to fix, for a period of up to twelve (12) months, the prices that Distributor may charge to its customer/s for ce1tain Products. ln such event, Distributor may request that MEC fix the prices to be paid by Distributor for the applicable Product/s to be resold to such customer/s. MEC shall promptly discuss such a request with Distributor in good faith and the parties will prepare and record any agreement in writing. Provided that MEC agrees to the foregoing in writing, MEC shall not adjust, for the same period that Distributor's prices are fixed, the prices to be paid by Distributor for the applicable Product/s to the extent that (i) the applicable Product/s are to be supplied by Distributor to the customer in question, and (ii) Distributor is not entitled to pass on any price adjustments to such customer. Nothing contained in this Section 4 (b) shall be construed as imposing any agreement or restriction on the right of either MEC to unilaterally determine the Selling Price or the right of Distributor to unilaterally determine Distributor's own resale prices and terms of business.

c. Notwithstanding anything to the contrary contained in this Agreement, in the event of any material change in the costs associated with production of the Products (including, but not limited to, a material change in the costs of ingredients, packaging materials, energy or freight costs related to the production and shipping of Products) at any time, then MEC may adjust the Selling Price of Products to Distributor to reflect such cost increase, effective thirty (30) days after written notice from MEC to Distributor of such change. MEC shall provide reasonable supporting documentation evidencing the material change in its costs of production and delivery, if requested by Distributor.

d. All Selling Prices are exclusive of (i) any costs of carriage and insurance of the Products, and (ii) any applicable value added or any other sales or similar tax, which shall be payable by Distributor.

5. Orders. All purchase orders for Products shall be transmitted in writing or electronically, shall specify a reasonable date and time for delivery to locations in the Territory agreed upon in writing between the parties from time to time and shall be submitted with a lead time of at least ten (10) days and shall be subject to acceptance by MEC in MEC's reasonable discretion. If MEC is unable to accept an order for any reason, then MEC will use commercially reasonable efforts to equitably allocate available Products to fill orders from its distributors and customers, including Distributor. In the event of any conflict or inconsistency between the terms of this Agreement and any purchase order, the terms of this Agreement shall govern. All such purchase orders shall be deemed acceptances of MEC's offers to sell Products and shall limit acceptance by Distributor to the terms and conditions thereof.

6. Payment. MEC shall invoice Distributor on a monthly basis or other mutually agreed periodic basis in the primary currency of the Territory (Chilean Pesos). Such payment shall be made by electronic transfer to a bank account as designated by MEC, or such other bank account as may be designated by MEC, within (i) sixty (60) days of the date of the applicable invoice issued during the first nine (9) months following the Commencement Date, (ii) forty (40) days of the date of the applicable invoice issued after the expiration of the first nine (9) months following the Commencement Date, or (iii) such other period as may be agreed by MEC from time to time in writing. Distributor and MEC shall use a mutually agreeable method of electronic settlement of accounts that Distributor reasonably approves which may include ACH or Xign, Distributor's current electronic invoice presentment system. If Distributor is delinquent in payment upon presentation of invoice and remains delinquent for seven (7) days after written notice calling upon Distributor to pay, Distributor shall reimburse MEC for any costs and expenses incurred by MEC in collecting such delinquent amounts, including, without limitation, legal

fees and costs including fees of collection agencies, and interest computed at the lesser of one percent (1 %) per month or part thereof from the due date(s) or the maximum legally permissible rate. MEC will establish the conditions of shipment and will designate the supply point and/or alternate supply points for each of the Products, in all cases, with the previous consent of Distributor, which consent shall not be unreasonably withheld, conditioned or delayed.

7. Title and Risk of Loss. Title and risk of loss to the Products shall pass to Distributor upon delivery of the Products to Distributor.

8. Forecast and Delivery.

a. Distributor shall provide MEC with rolling thirteen (13) week forecasts describing the volume of each SKU of Products that Distributor projects will be ordered during each thirteen (13) week period during the Term (as defined below) of this Agreement. Distributor shall submit each updated forecast monthly in a format reasonably acceptable to MEC and Distributor no later than the first day of each month during the Term.

b. Unless otherwise agreed in writing by the pat1ies to this Agreement, the Products will be tendered by MEC for delivery to Distributor in full truckload quantities of pat1icular Product lines and extensions but without combining different Product lines in the same truckloads. By way of example, Monster Green (i.e. Monster's original product) and its extensions and Java Monster and its extensions are different particular Product lines. Subject to Distributor providing MEC forecasts in accordance with Section 8 (a) above, MEC agrees to use commercially reasonable good faith efforts to deliver Products to Distributor within thirty (30) days of receipt by MEC of the applicable purchase orders for Products in compliance with Sections 5 and 8(a) above to (i) Distributor, in the case of Products delivered from the point of manufacture to Distributor by ground transportation, and (ii) the shipper, in the case of delivery of the Products to Distributor which involves shipment by sea. MEC shall deliver to Distributor Products with at least six (6) months or fifty percent (50%) of each Product's shelf life remaining at the time of delivery or such other period as may be agreed to between MEC and Distributor with respect to any specific Products. Notwithstanding the foregoing, Distributor acknowledges that delivery dates set forth in purchase orders for Products accepted by MEC are merely approximate and that MEC shall have no liability for late deliveries, except only for fines, penalties and assessments imposed by Distributor's customers and actually paid by Distributor which arise solely and directly as a result of MEC's failure to comply with its obligations under this Section 8.

9. Trademarks.

a. Distributor acknowledges the respective exclusive right, title, and interest in and to the Trademarks and trade names of MEC and /or its Affiliates, whet her or not registered, patents, patent applications, and all rights in inventions (whether or not patentable) (collectively, "Patents"), copyrights and copyrightable material (collectively, "Copyrights") and trade secrets and know-how (collectively, "Know-How") which MEC and /or its Affiliates may have at any time created, adopted, used, registered, or been issued in the United States of America, the Territory or in any other location in connection with MEC's business or the Products and Distributor shall not do, or cause or permit to be done, any acts or things contesting or in any way impairing or tending to impair any portion of MEC's right, title, and interest in and to the Trademarks, trade names, Patents, Copyrights, and Know-How. Any approval by MEC for Distributor to use any Trademarks, trade names, Patents, Copyrights, trade secrets and Know How in connection with the distribution and sale of the Products shall be a mere temporary permission, uncoupled with any right or interest, and without payment of any fee or royalty charge for such use.

b. Distributor shall not use any trademark, name, brand name, logo or other production designation or symbol in connection with Products other than the Trademarks, subject to the terms of this Section 9. It will not be a breach of this Section for the Products to be delivered by Distributor in vehicles, or using employees, agents, assigns or sub-distributors wearing clothing, displaying any other trademark, name, brand name, Jogo or other products designation or symbol. Distributor acknowledges that it has no right or interest in the Trademarks (except as expressly permitted hereunder) and that any use by Distributor of the Trademarks will inure solely to MEC's benefit. Distributor may only use the Trademarks in strict accordance with MEC's policies and instructions, and MEC reserves the right, from time to time and at any time, at its discretion, to modify such policies and instructions then in effect.

c. Any proposed use by Distributor of the Trademarks (to the extent that it either has not been previously approved by MEC in writing or differs materially from a use previously approved by MEC in writing) shall be subject to the prior written consent of MEC, which MEC may withhold in its sole and absolute discretion. Distributor shall submit to MEC in writing each different proposed use of the Trademarks in any medium.

d . Distributor shall not at any time alter the Trademarks or the packaging of Products, use the Trademarks for any purpose other than the promotion, advertising and sale of Products hereunder, or challenge the validity, or do or refrain from doing any act which might result in impairment of the value, of the Trademarks. Distributor shall not cause or permit its business name to include any of the Trademarks or its business to be operated in a manner which is substantially associated with any of the Trademarks.

e. In advertising, promotions or in any other manner so as to identify Products, Distributor shall clearly indicate MEC's ownership of the Trademarks. Distributor further agrees that before distributing or publishing any sales literature, promotional or descriptive materials, MEC shall have the right, upon request, to inspect, edit and approve such materials which illustrate, describe or discuss the Products. Distributor shall com ply with any Trademark usage guidelines that MEC provides to it in writing.

f. Upon the termination of this Agreement, the temporary permission granted under sub-Section 9(a) above will terminate and Distributor shall immediately cease and desist from any use of the Trademarks and any names, marks, logos or symbols similar thereto and the use of any Patents, Copyrights and Know-How.

g. Distributor shall (i) notify MEC of any actual or suspected misuse or infringement of any Trademark, brand name, logo or other production designation or symbol in the Territory, (ii) at MEC's expense and upon MEC's request, assist in such legal proceedings as MEC will deem necessary for the safeguard of any Trademark, brand name, logo or other production designation or symbol in the Territory, and execute and deliver in accordance with MEC's request such documents and instruments as may be necessary or appropriate in the conduct of such proceedings, and (iii) at MEC's expense, assist MEC in the registration and/or renewal of registration of any Trademark, brand name, logo or other production designation or symbol in the Territory as MEC may determine to be necessary or desirable, and execute such documents and instruments as may be necessary to register or to apply for the registration (or registration renewal) of such Trademark, brand name, logo or other production designation or symbol.

h. Distributor shall not acquire or attempt to acquire, for itself or for others, any rights in or to the Patents, Copyrights, K now-How, Trademarks, or any names, marks, logos or symbols confusingly similar thereto, either through registration or use. All rights granted to Distributor concerning the Trademarks, Patents, Copyrights, and Know-How are personal to Distributor, and are not assignable (except in accordance with Section 23) or sublicensable (except to a sub-distributor in accordance with Section 2(a)). Subject to Distributor's rights under Sections 2 and 23; Distributor shall not grant or attempt to grant any rights in or to the Trademarks, Patents, Copyrights, and Know-How to any other Person.

i. If during the Term a third party institutes against MEC or Distributor any cl aim or proceeding that alleges that the use of any Trademark or any K now-How, Patent, trade secret or Copyright in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement infringes the intellectual property rights held by such third party, then MEC shall, in its sole discretion, and at its sole expense, contest, settle, and/or assume direction and control of the defense or settlement of, such action, including all necessary appeals thereunder. Distributor shall use all reasonable efforts to assist and cooperate with MEC in such action, subject to MEC reimbursing Distributor for any reason able out-of-pocket expenses incurred by Distributor in connection with such assistance and cooperation. If, as a result of any such action, a judgment is entered by a court of competent jurisdiction, or settlement is entered by MEC, such that any Know-How, Patent, trade secret, Copyright or Trademark cannot be used in connection with the distribution, marketing, promotion, merchandising and /or sales of the Products under this Agreement without infringing upon the intellectual property rights of such third party, then MEC and Distributor promptly shall cease using such affected Know-How, Patent, trade secret Copyright or Trademark in connection with the distribution, marketing, promotion, merchandising and/or sale of the Products under this Agreement. Except as otherwise specified in this Agreement, neither party shall incur any liability or obligation to the other party arising from any such cessation of the use of the affected Trademark.

j. If MEC, for the purposes of this Agreement, should reasonably require that, in accordance with applicable laws governing the registration and licensing of intellectual property, Distributor be recorded as a registered user or licensee of the Trademarks then, at the request and expense of MEC, Distributor will execute any and all agreements and such other documents as may be necessary for the purpose of entering, varying or canceling the recordation.

10. Promotion and Trade Marketing of Products. Distributor shall be responsible for promotion and Marketing of the Products to Distributor's Accounts within the Territory. Distributor shall use commercially reasonable efforts to actively and diligently distribute and encourage the utilization of merchandising aids and promotional materials in all Distributor's Accounts throughout the Territory. Without in any way detracting from the foregoing, Distributor shall reasonably participate in and diligently implement all Marketing and promotional programs that are mutually agreed upon by MEC and Distributor from time to time. Distributor acknowledges that (a) MEC has no obligation to market and promote the Products, and (b) MEC makes no, and hereby disclaims any, express or implied warranty, representation, or covenant relating to or in connection with MEC's marketing and promotional activities including any Global Branding and Marketing activities (as defined in Section 13(a) below), including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as expressly provided in Section 19 below, Distributor shall have no claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and /or liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

11. Term. Unless terminated by either party pursuant to the terms of this Agreement, the initial term of this Agreement shall commence on the Effective Date and shall end on the tenth (10th) anniversary of the Commencement Date (the "Initial Term"). After the Initial Term, this Agreement shall be renewed automatically for up to two (2) further successive five (5) year terms ("Additional Term/s") unless either party gives written notice to the other at least one hundred twenty (120) days prior to the end of the Initial Term or applicable Additional Term, as the case may be, of its intention not to renew the Agreement for a n Additional Term, and providing the provisions of Sections 2(a), 2(b) and 21 of this Agreement are valid and enforceable in accordance with their respective terms during the applicable Additional Term. If MEC reasonably determines that it is

necessary or desirable that the parties execute an additional agreement or instrument in order for the provisions of Sections 2(a), 2 (b) and 21 to be valid and enforceable, then the parties agree to execute such documents as may reasonably be required to give effect to the foregoing. A "Contract Year" means any calendar year during the Term and the period from the Commencement Date until the close of business on December 31st of the calendar year in which the Commencement Date falls. The Initial Term and any Additional Terms are collectively referred to as the "Term".

12. Termination.

a. Termination for Cause.

i. Termination By Either Party. Without prejudice to its other rights and remedies under this Agreement and those rights and remedies otherwise available in equity or at law, either party may terminate this Agreement on the occurrence of one or more of the following:

A. Breach. A party's material breach of a provision of this Agreement and failure to cure such breach within thirty (30) days after receiving written notice describing such breach in reasonable detail from the non-breaching party; provided, however, if such breach is of a nature that it cannot reasonably be cured within thirty (30) days, then the breaching party shall have an additional forty-five (45) day period to cure such breach, providing it immediately commences, and thereafter diligently prosecutes, in good faith, its Best Efforts to cure such breach. In the event that either MEC or Distributor exercises its right to terminate this Agreement in accordance with this Section 12(a)(i)(A), the breaching party shall be obligated to pay the other party a severance payment measured as a genuine pre-estimate of the other party's losses and not as a penalty (the "Breach Severance Payment") in the amount calculated as follows: Distributor's "average gross profit per case" (as defined below) multiplied by the number of cases of Products sold by Distributor during the most recently completed twelve (12) month period ended on the last day of the month preceding the month in which this Agreement is terminated. Distributor's "average gross profit per case" shall mean Distributor's actual selling price less (1) promotion allowances, discounts, free cases and allowance programs, and (2) Distributor's laid in cost of the Products.

B. Insolvency. The other party (l) makes any general arrangement or assignment for the benefit of creditors, (2) becomes bankrupt, insolvent or a "debtor" as defined in 11 U.S.C. § 101, or any successor statute (unless such petition is dismissed within sixty (60) days after its original filing), (3) has appointed a trustee or receiver to take possession of substantially all of such party's assets or interest in this Agreement (unless possession is restored to such party within sixty (60) days after such taking), or (4) has substantially all of such party's assets or interest in this Agreement (unless such attachment, execution or judicial seizure is discharged within sixty (60) days after such attachment, execution or judicial seizure) attached, executed, or judicially seized.

C. Agreement. Mutual written agreement of the parties.

D. Deadlock.

(1) If (a) the patties are unable to agree upon Performance Targets, the Annual Business Plan or Minimum Distribution Levels, or (b) if Distributor has failed to achieve the applicable Performance Targets, Annual Business Plan or Minimum Distribution Levels or fails to comply with any specific requirements of Distributor under this Agreement, including Section 3 (Distributor's Duties), Section 10 (Promotion and Trade Marketing of Products), Section 13(f) (sales velocity), and Section 13(g) (promotional activities), in any material respect, commencing with the 2016 Contract Year in accordance with Sections 13(b), 13(c) and 13(d) respectively, (clauses (a) and (b) above, collectively referred to as a "Deadlock") t hen either party may, at any time after providing the other party with written notice identifying the specific issues resulting in the Deadlock and making a good faith attempt to

resolve the Deadlock with the other party, but not more than three (3) times per twelve (12) month period, upon written notice to the other party (the “Meet and Confer Notice”), require that representatives of the other party’s senior management meet and confer with representatives of the notifying party’s senior management at the dates, times and place reasonably agreed by the parties. Such meet and confer shall begin no later than seven (7) days after the other party’s receipt of such Meet and Confer Notice and shall end no later than fifteen (15) days after the other party’s receipt of such Meet and Confer Notice (the “Initial Meeting Period”). Representatives of the parties’ senior management shall meet and confer during such Initial Meeting Period until (x) resolution of the Deadlock to the parties’ mutual satisfaction or (y) conclusion of the Initial Meeting Period, whichever occurs first.

(2) lf the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(l) above, then either party may, at any time after the Initial Meeting Period, upon written notice to the other party and to KO (the “Second Meet and Confer Notice”), require representatives of the other party’s senior management and representatives of management of the applicable KO business unit (and/or at MEC’s reasonable request, such other representative of senior management of KO), to meet and confer with representatives of the notifying party’s senior management at the dates, times and place reasonably agreed by MEC, Distributor and KO (including via videoconference or teleconference). Such meet and confer shall begin no later than seven (7) days after the other party ‘s and KO’s receipt of such Second Meet and Confer Notice and shall end no later than twenty-one (21) days after the other party’s and KO’s receipt of such Second Meet and Confer Notice (the “Second Meeting Period”). Representatives of the parties’ and the applicable KO business unit’s senior management (and/or at MEC’s reasonable request, such other representative of senior management of KO), shall meet and confer during such Second Meeting Period until (x) resolution of the Deadlock to the parties’ and KO’s satisfaction or (y) conclusion of the Second Meeting Period, whichever occurs first. For the avoidance of doubt and without limiting Section 12(a)(i)(D)(5) below, in the event that, after KO’s receipt of the Second Meet and Confer Notice, such representative of KO’s applicable business unit does not participate in accordance with the foregoing, MEC shall have the option of waiving such requirement that such KO representative participate and proceeding with the Second Meeting Period without a KO representative.

(3) If, after the Second Meeting Period, the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(l) and Section 12(a)(i)(D)(2) above, then the Deadlock shall be resolved by reference as follows:

(x) Reference proceedings may be commenced by either party by giving the other party written notice thereof. Any such reference shall take place be fare a single referee on l y in New York, New York or via videoconference or teleconference. The referee shall be an experienced industry expet1 selected jointly by the parties, or if they cannot agree on a referee within ten (10) days from the commencement of the reference proceedings, then, upon the petition of either party, the experienced industry expert shall be appointed within ten (10) days by the American Beverage Association.

(y) The Deadlock shall be submitted to the referee within ten (10) days after the referee is appointed. No discovery will be permitted and no hearing will be held, except such informal proceedings as the referee may require. Each party shall submit to the referee and the other party within such ten (10) day period such written information and statements as that party deems appropriate in support of its claim not exceeding five (5) pages in length (excluding exhibits), together with such information as the referee may require. Each party shall concurrently submit to the referee and exchange with each other its last and best position with respect to each separate issue subject to Deadlock (“Position”) to resolve the Deadlock. Within fourteen (14) days of the date that the parties were required to submit their respective written submissions, the referee shall select one of the two written Positions submitted with respect to each separate issue subject to Deadlock, without change or modification.

(z) Each party shall pay one-ha lf of the referee’s fees and otherwise bear its own costs associated with the reference proceeding; provided, that the party whose Position is not selected by the referee (the "Non-Prevailing Party") shall not be obligated to reimburse the party whose position was selected by the referee (the "Prevailing Party") for the referee's fees and costs relating to the proceeding paid by such party.

(4) The Non-Prevailing Party shall have no right to terminate this Agreement or seek any other remedy with respect to the issue for which it was the Non Prevailing Party, and the Position selected by the referee shall be binding upon the patties.

(5) Notwithstanding anything to the contrary contained in this Section 12(a)(i)(D), the patties acknowledge and agree that:

(x) the failure of KO or its applicable business unit 's senior management to attend or participate in, or otherwise perform, all or any of the duties, functions or activities described above will not affect the validity or enforceability of any part or result of the procedure in this Section 12(a)(i)(D).

(y) lf either party is the Prevailing Party two consecutive times in any twelve (12) month period for any issue resulting in a Deadlock, then, after providing at least five (5) days written notice to KO, with a copy to KO's Chief Executive Officer and Chief Financial Officer, of MEC's intention to terminate this Agreement (if MEC is the Prevailing Party), such Prevailing Party shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party; provided that if MEC i s such terminating party, MEC shall pay Distributor a Breach Severance Payment (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or dam ages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(z) If the Non-Prevailing Party materially fails to comply with the Position selected by the referee within a sixty (60) day period (or, if the Non Prevailing Party cannot reasonably comply with such Position within such sixty (60) days, an extended period of no longer than an additional four (4) months) following such selection, then, after providing at least five (5) days written notice to KO (with a copy to KO's Chief Executive Officer and Chief Financial Officer) of the Prevailing Party's intention to terminate this Agreement, the Prevailing Party may, without prejudice to any other rights or remedies available to it under this Agreement or applicable law, give notice of such breach in accordance with, and thereafter invoke the remedy provided under, Section 12(a)(i)(A) above; provided that neither party shall be required to pay a Breach Severance Payment in such event (and neither party shall be liable by reason of such term i nation of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, l eases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(6) Nothing contained in this Section 1 2(a)(i)(D) shall be construed as limiting, restricting or delaying either party's ability to exercise its rights and /or remedies under Section 12(a)(i)(A) above.

ii. <u>Termination by MEC</u>. MEC may terminate this Agreement at any time:

A. Upon written notice, and such termination will be effective immediately upon Distributor's receipt of such notice, (x) if Distributor sells, assigns, delegates or transfers any of its rights and obligations under this Agreement without having obtained MEC's prior written consent thereto (which consent may be withheld in MEC's sole discretion), provided that MEC shall not withhold its consent if such sale, assignment, delegation or transfer is (1) to a Primary KO Distributor (as defined below), (2) to KO or an Affiliate of KO or an Affiliate of Distributor, or (3) a result of an Approved Change of Control (as defined below), or (y) if there is any material change in the control of Distributor or Distributor sells all or substantially all of its assets without the prior written consent of MEC, other than if such material change in control or sale is (1) to a Primary KO Distributor, (2) to KO or an Affiliate of KO, or (3) to any Person to the extent Distributor remains a Primary KO Distributor. "Primary KO Distributor" means a KO Distributor holding the exclusive right to distribute (or that otherwise is the primary distributor of) Coca-Cola brand products in an applicable territory. "Approved Change of Control" means any change of control of Distributor or sale of all or substantially all of Distributor's assets that is consented to by MEC or for which MEC's consent is not required hereunder.

B. Upon the occurrence of an MEC Change of Control (as defined in the International Distribution Coordination Agreement), MEC shall have the option to terminate (1) this Agreement in its entirety (a "Complete Termination") or (2) if the Territory comprises more than one market, Distributor 's right to sell Products in a portion of the Territory (a "Partial Territory Termination"), which option may be exercised within sixty (60) days of the occurrence of such MEC Change of Control, by written notice by MEC to Distributor. Any such termination shall be effective upon Distributor's receipt of MEC's written notice of termination.

MEC's right to terminate this Agreement under this Section 12(a)(ii)(B) shall be MEC's sale right to terminate this Agreement for an MEC Change of Control and independent of any other rights or remedies of MEC under this Agreement.

(x) In the event of a Complete Termination, MEC or its successor, as the case may be, shall pay to Distributor an amount equal to a Breach Severance Payment calculated in accordance with Section l2(a)(i)(A) above (the "Product Severance Payment").

(y) In the event of a Partial Territory Termination, MEC or its successor, as the case may be, shall pay to Distributor a severance payment with respect to the Products which are the subject of the termination, calculated on the same basis as the Breach Severance Payment in accordance with Section 12(a)(i)(A) above, but only with respect to that portion of the Territory which is the subject of the Partial Territory Termination (the "Territory Severance Payment").

(z) Any Product Severance Payment or Territory Severance Payment payable by MEC to Distributor in accordance with Section 12(a)(ii)(B)(x) or 12(a)(ii)(B)(y) shall be paid by MEC to Distributor within thirty (30) days of the later of (1) the date of the applicable termination, and (11) MEC's receipt of all information reasonably necessary to support computation of the Product Severance Payment or Territory Severance Payment, as the case may be, in a form and substance satisfactory to MEC.

iii. [INTENTIONALLY OMITTED]

iv. Termination Upon the Occurrence of Certain Changes. If, after the Effective Date, a change in legal or regulatory conditions in the Territory occurs including, without limitation, any change in any applicable law, regulation or order, or the interpretation of any law, regulation or order in the Territory which has had or would be reasonably expected to (A) have a material adverse effect on the business of distributing Products in that Territory, (B) prevent Distributor from legally obtaining foreign exchange to remit a broad payment for the Products; or (C) result in any part of this Agreement ceasing to be in conformity with the laws or regulations applicable in the Territory and, as a result thereof, or as a result of any other laws affecting this Agreement, any one of the material provisions of this Agreement cannot be legally performed and/or the Products cannot be stored, transported, handled, distributed or sold in accordance with this Agreement, either party may, upon written notice, suspend or terminate the parties' respective rights and obligations under this Agreement solely with respect to (1) the affected Products in the Territory, or, (2) to the extent such change and conditions affects the business of distribution of all or substantially all of the Products in the Territory, all Products in the affected portion of the Territory without liability for damages; provided that neither MEC nor any of its Affiliates shall be permitted to sell any such Products subject to suspension or termination in the affected Territory without first providing Distributor the option to remove the cause for such suspension or re-enter into the Agreement with respect to such Products and Territory. In the event of any such suspension that materially adversely effects Distributor's benefits or obligations hereunder, Distributor shall have the option to terminate this Agreement in its entirety upon written notice to MEC.

b. Optional Termination. MEC shall have the right to terminate this Agreement upon written notice to Distributor (i) in the event of termination or expiration of the International Distribution Coordination Agreement pursuant to and in accordance with its terms and/or (ii) if Distributor is no longer a party to any agreement with KO regarding the distribution of Coca Cola brand products in the Territory. Neither KO, MEC nor Distributor shall be liable to any other party or otherwise obligated to pay to any other party any severance payment or other amount by reason of such termination for compensation, reimbursement or damages of whatsoever nature including, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of this Agreement, other than any fees required to be paid by MEL pursuant to the International Distribution Coordination Agreement.

c. International Distribution Coordination Agreement. Notwithstanding anything to the contrary herein, MEC shall not have the right to terminate this Agreement with respect to any action or circumstance approved by MEL pursuant to Section 4.8 of the International Distribution Coordination Agreement, unless KO consents to such termination in writing in advance.

d. Sole Remedy.

i. The Breach Severance Payment, Product Severance Payment and/or the Territory Severance Payment payable by MEC to Distributor, pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute Distributor's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that Distributor may have against MEC as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(ii i) and 12(e)(v) below and, in addition thereto, under no circumstances shall MEC be liable to Distributor by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of Distributor or in reliance on the existence of this Agreement.

ii. The Breach Severance Payment payable by Distributor to MEC pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute MEC's sale and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that MEC may have against Distributor as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall Distributor be liable to MEC by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of MEC or in reliance on the existence of this Agreement.

e. Other Terms Pertaining to Termination. In the event of the termination of this Agreement for any reason whatsoever (and whether such termination is due to the breach of any of the provisions of this Agreement by any party and/or itself is in breach of the Agreement or otherwise):

i. MEC shall have the right to cancel all of Distributor's purchase orders for affected Products accepted but remaining unfilled as of the date of termination;

ii. All amounts payable by Distributor to MEC or by MEC to Distributor shall be accelerated and shall immediately become due unless such termination results from the other's breach of this Agreement;

iii. Except for the sole remedy provisions in Sections 12(d)(i) and (ii), neither party shall be liable to the other party in contract, tort or on any other theory of liability for any damage, loss, cost or expense (whether general, special, indirect, incidental, consequential or punitive) suffered, incurred or claimed by the other party as a result of or related to such breach and/or termination (even if the termination results from a breach and the breaching party has been advised of the possibility of such damages), including, without limitation, loss of anticipated profits or goodwill, loss of or damage to goodwill or business reputation or any loss of investments or payments made by either party in anticipation of performing under this Agreement;

iv. MEC and Distributor shall each have the option, exercisable upon written notice to the other within thirty (30) days after the date of termination hereof, to cause MEC to (A) repurchase all affected Products in Distributor's inventory and current advertising materials (providing such Products and advertising materials are in saleable condition) at the prices paid or payable for such Products by Distributor (less any freight and insurance charges), F.O.B., Distributor's premises and (B) purchase all of Distributor's right, title and interest in, and all applicable rights in, related to, or associated with, a11 MEC Equipment and the placement or location of such MEC Equipment at all Distributor's customers' locations or premises by Distributor at the fair market value of Distributor's interest, if any, in each such item of MEC Equipment with no amount or compensation allocated to, or payable for, the maintenance, placement or location of the MEC Equipment;

v. Any Breach Severance Payment, Product Severance Payment, or Territory Severance Payment (each, a "Severance Payment") payable in accordance with this Agreement by either MEC or Distributor in the event of termination of this Agreement shall constitute reasonable liquidated damages and is not intended as a forfeiture or penalty. MEC and Distributor agree that it would be impractical and extremely difficult to estimate the total detriment suffered by either party as a result of termination of this Agreement pursuant to this Section 12 or otherwise, and that under the circumstances existing as of the Effective Date, the applicable Severance Payment represents a reasonable estimate of the damages which either MEC or Distributor will incur as a result of such applicable termination. Therefore, MEC and Distributor agree that a reasonable estimate of the total detriment that either party would suffer in the event of termination of this Agreement pursuant to this Section 12 or otherwise is an amount equal to the applicable Severance Payment. The foregoing provision shall not waive or affect either pa1ty's indemnity obligations or the parties' respective rights to enforce those indemnity obligations under this Agreement, or waive or affect either pa1ty's obligations with respect to any other provision of this Agreement which by its terms survives the termination of this Agreement;

vi. Distributor acknowledges and agrees that the payment of any Severance Payment by MEC to Distributor shall be conditional upon (A) Distributor cooperating in good faith with MEC in effecting a smooth transition of or otherwise transferring any distribution or similar rights under this Agreement to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor appointed by MEC, provided that MEC may only withhold payment of such Severance Payment if Distributor materially fails to comply with specific requests of MEC to take actions that are reasonably required to effect such transition and would not impose material costs on Distributor (except to the extent MEC reimburses the same), (B) Distributor, at MEC's request and expense, taking such reasonable action as is necessary to terminate Distributor's registration as MEC's distributor, and/or an authorized importer of Products and/or holder of any health certificate and/or import permit with respect to the Products, with any Governmental Entity, in each case subject to applicable law and (C) Distributor performing its obligations under Section 12(g)(i) below in all material respects. Distributor shall cooperate in good faith with MEC in assigning or otherwise transferring to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor, any such registration or approval including, without limitation, any licenses, permits, certificates, and governmental approvals (or the functional equivalent in the Territory) that Distributor may have acquired in connection with carrying out its obligations under this Agreement. MEC shall not invoke the right to withhold payment of any Severance Payment unless MEC shall have given Distributor at least twenty (20) days written notice of its failure to perform any of its obligations set forth in this Section 12(e)(vi) and Distributor has failed to cure such failure during such twenty (20) days; and

vii. Upon any notice of termination of this Agreement provided in accordance with the terms hereof and during the applicable notice period, nothing in this Agreement shall be deemed to prohibit MEC, in its sole discretion from negotiating and/or granting distribution rights to any third pa1ty or engage directly in transactions concerning the sale and distribution of the Products in the Territory.

f. Continued Supply of Products After Termination. In the event MEC continues to supply Products to Distributor for any reason following the termination of this Agreement, Distributor acknowledges and agrees that any such action shall not constitute a waiver of MEC's rights under this Agreement or a reinstatement, renewal or continuation of the Term of this Agreement. MEC and Distributor agree that if MEC continues to supply Products to Distributor following the termination of this Agreement, (i) Distributor shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, (ii) Distributor shall promptly pay the prices of the Products in full (without deduction or set-off for any reason) in accordance with the payment terms set forth in MEC's invoice, and (iii) MEC shall have the right, in its sole discretion, to discontinue supplying Products to Distributor at any time, without notice to Distributor.

g. Distributor's Obligations After Notice of Termination.

i. During any period after either party gives the other notice of termination of this Agreement and until actual termination of this Agreement, Distributor shall (A) continue to perform all of Distributor's obligations under this Agreement, including without limitation, all of Distributor's obligations under Section 3 above, (B) not cause or permit the Products or the Trademarks to be prejudiced in any manner, (C) not eliminate, reduce or replace the listings, shelf space, positioning and/or other benefits enjoyed by the Products, (D) continue to conduct its business relating to the distribution and sale of Products in the ordinary course and consistent with its prior practices including, without limitation, by not purchasing more inventory than customarily purchased by Distributor of

Products or offering its customers prices, terms or benefits not customarily offered by Distributor such as discounts, rebates or sales promotion allowances (except to the extent permitted hereunder), and (E) generally cooperate with MEC in relation to the transition to any new distributor appointed by MEC for the Territory.

ii. For a period of thirty (30) days after termination of this Agreement for any reason, Distributor shall not tortuously interfere with any listings, shelf space, or positioning for the Products.

13. Annual Business Plan: Minimum Distribution Levels: Promotion.

a. During the Term, MEC shall have primary responsibility for the overall global branding and positioning of the Products, as well as brand and image Marketing for the Products, in such form and manner and of such nature and to such extent as may be determined by MEC in its sole and absolute discretion from time to time ("Global Branding and Marketing"). Distributor acknowledges and agrees that MEC makes no express or implied warranty, representation or covenant relating to or in connection with any Global Branding and Marketing activities, including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as set forth in Section 19 below, Distributor shall not have any claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

b. Not less than sixty (60) days before the end of each Contract Year, MEC and Distributor shall mutually review the conditions of the marketplace, Distributor's efforts to achieve sales and its results, including year over year performance, as well as a proposed annual sales, promotion, and trade marketing plan ("Annual Business Plan") for the next Contract Year prepared by Distributor. Such review shall include discussion on marketing efforts and proposed programs to be implemented to improve the distribution and /or sales velocity of the very lowest selling (measured by sales velocity) SKU/s of Products, if appropriate, and/or the possible deletion from distribution, if appropriate, of the very lowest selling (measured by sales velocity) SKU/s of Products but in accordance with and subject to the provisions of Section 13(t) below. Such Annual Business Plan shall cover such matters as may be appropriate including specific account placement performance objectives, merchandising goals, specific account and channel objectives for specified distribution channels, distribution goals, a sales and marketing spending plan and a strategy for maximizing sales and growth of market share as well as cooler and vending machine programs and plans. Additionally, if the Territory has an ethnic market or concentration, the Annual Business Plan shall address such specific ethnic segments, including retail promotions, point-of-sale allocations and special events for ethnic segments. The Annual Business Plan shall not detract from the provisions of Section 10 above. Distributor shall use Best Efforts to implement such Annual Business Plan in the following Contract Year in accordance with Section 3(t) above.

c. Not less than sixty (60) days before the end of the then-current Contract Year, MEC and Distributor shall mutually agree, in writing, on minimum distribution levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year (the "Minimum Distribution Levels"). Should the patties have failed, for whatsoever reason, to mutually agree upon the Minimum Distribution Levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year, the same shall be determined by reference to the process d escribed in Section 12(a)(i)(D) above. The parties shall per form all of their respective obligations under this Section except that Distributor shall not be obligated to achieve and maintain the Minimum Distribution Levels until the expiration of the six (6) month period immediately following the Commencement Date of this Agreement. A commercially reasonable representation of SKUs of Products shall be required to be in distribution throughout the year in reasonable positioning on shelves, which shall take into account retailer willingness to sell all of the SKUs of Products, shelf space limitations and other commercially reasonable factors that may be applicable in the market.

d. MEC and Distributor shall also agree in writing to performance targets to be achieved and maintained by Distributor for the f01thcoming calendar year of this Agreement (collectively, the "Performance Targets"). For the avoidance of doubt, Performance Targets will not include sales volume or value requirements and the failure to achieve sales volume and/or sales value requirements shall not constitute a breach of this Agreement nor an issue subject to adjudication under Section 12(a)(i)(D).

e. The Minimum Distribution Levels for the Products that shall be required to be achieved and maintained by Distributor for the Products shall be reduced to the extent only that actual distribution levels are eroded as a direct result of (i) MEC's failure to deliver Products in accordance with this Agreement, (ii) MEC's failure to reimburse all costs pursuant to Section.

1 3(g)(i v) below or (i ii) MEC's failure to contribute its agreed share of the parties funding obligation as set forth in Section 13(g)(iii).

f. In every calendar year commencing 2016, the patties agree to periodically meet in order to discuss performance of the lowest selling SKU/s of Products and to delete from distribution in the Territory any SKU/s the parties mutually agree in writing, provided that MEC will not unreasonably withhold its approval to the deletion of any applicable SKU/s. MEC may withhold its approval to deletion of any SKU/s i f any applicable SKU/s has/have sufficient sales velocity or is or are capable of delivering sufficient sales velocity in any one or more of Distributor's Accounts or any one or more regions or countries, as the case may be, to make such SKU/s economically viable to continue in distribution in such one or more of Distributor's Accounts or in any one or more regions or countries, as the case may be. Notwithstanding the foregoing, unless mutually agreed in writing, in no event shall more than ten percent (10%) of the total number of SKUs, rounded down to the nearest whole number (unless ten percent (10%) of the total number of SKUs is less than one (1) but more than 0.5, in which case the number will be rounded up to one (1)), be deleted from distribution in any rolling twelve (12) month period.

g. Promotional activities shall be regulated as follows:

i. The estimated costs of promotional activities shall be allocated as set forth in Exhibit E between MEC and Distributor thirty (30) days prior to the commencement of a calendar year on a cost per-case basis of Products.

ii. The promotional activities costs are to be shared between Distributor and MEC as set forth in Exhibit E. The parties agree that the costs for the promotional activities shall be reconciled each quarter and that the estimate for the costs of promotional activities in the subsequent quarter may be adjusted provided there is mutual agreement.

iii. MEC and Distributor shall periodically meet and may mutually agree to promotional activities including further programs and campaigns not included in the promotional activities contemplated in Exhibit E. The promotional activities costs that are so agreed to between the patties shall be shared between, and paid by, Distributor and MEC as may be agreed in writing from time to time.

iv. lf and to the extent previously approved by MEC in writing, MEC shall reimburse or cred it Distributor for all of Distributor's actual out-of-pocket expenses paid or incurred by Distributor in relation to the promotional and trade marketing of Products not otherwise provided for and /or dealt with pursuant to Section 13(g)(i), (ii) and (iii) above.

v. Distributor shall continue its business in the ordinary course including the provision, utilization, and maintenance of coolers, other refrigeration equipment, and vending machines (including without limitation as provided in Section 3(t) above). Distributor shall be responsible for creating marketing materials for submission to MEC for its final written approval. Distributor shall not use marketing materials unless approved by MEC in writing; provided that if MEC does not notify Distributor that it objects to any suggested marketing materials within fifteen (15) days after receipt of such materials from Distributor, MEC shall be deemed to have approved such suggested marketing materials.

14. Distribution Accounts and MMM Accounts.

a. Distributor and its sub-distributors shall have the primary (except as specified in Exhibit C) relationship with retail and other customers throughout the Territory and shall be responsible for negotiating the terms of sale of the Products within the Territory; provided that without detracting from the foregoing, MEC may, in its sale and absolute discretion, elect to exercise the right to assume some or all of the elements in the primary relationship with any Large Accounts. For the purposes of this Agreement, "Large Account" mean any large accounts ('having multiple outlets within the Territory, which may include MMM Accounts. Such rights shall include, without limitation, the right to provide input to Distributor and its sub-distributors regarding sales strategy and other matters as well as to provide sales, marketing, promotional and merchandising support and programs to retail and other customers as well as the right to meet directly with and make presentations to retail and other customers within the Territory as may be appropriate from time to time; and provided further that MEC will advise Distributor of such meetings before hand to the extent practicable and Distributor shall be entitled to accompany MEC to the meetings. Additionally, MEC may (i) accompany, assist and support Distributor and/or its sub-Distributors from time to time on sales calls to Distributor Accounts in the Territory and to make independent calls on Large Accounts, (ii) to the extent KO extends an invite to MEC with respect to specific system-wide KO bottler meetings that relate in any part to Energy Drinks, attend such part of such meetings relating to Energy Drinks, and (iii) arrange, coordinate and administer a sales trip incentive program at least once per year. For the sake of clarity, MEC shall not offer or agree term s of supply and/or terms of sale of the Products within the Territory to any of Distributor's Accounts without the prior agreement of Distributor (subject to Section 14(c) below), which agreement will not be unreasonably withheld.

b. MEC shall have the right to attend and participate in regular performance review meetings with Distributor to facilitate efficient marketing and distribution of Products. Without detracting from the foregoing, Distributor will not oppose any additional actions the adoption of which are considered by MEC as necessary and justified in order to protect and improve the sales and distribution system for the Products, including, but not limited to those actions which might be adopted concerning the supply of large or special customers whose field of activity transcends the boundaries of the Territory.

c. "MMM Accounts" shall mean multi-market major accounts having multiple outlets in one or more market/s and/or country/ies in any territories for which Distributor has distribution rights for the applicable Products and /or having multiple outlets in one or more market/s and/or country/ies outside of the territories in which Distributor has distribution rights for the applicable Products. The parties recognize that it is in their respective interests to work together to formulate the approach to be followed by them jointly or separately with various customers and/or channels of trade, including MMM Accounts, from time to time, both to take advantage of a coordinated approach and to avoid the negative impact of a lack of coordination. MEC and Distributor therefore agree that an aligned customer/channel approach is a key part of each Annual Business Plan and that they will engage in regular communication to adopt such plans as well as to deal with further opportunities that may arise from time to time during each calendar year, so as to avoid either party acting in an uncoordinated way towards customers. Subject to Section 14(a) above, if MEC deems it desirable for Products to be sold to any MMM Account, MEC shall be entitled, in its discretion, to make arrangements directly with such MMM Account including the terms of sale of Products to the MMM Account and the MMM Pricing (as defined below), which shall take into account the prices and funding then offered by Distributor and its sub-distributors to MMM Accounts and similar categories of customers, in the Territory. Notwithstanding anything to the contrary herein, MEC shall be entitled to determine the business relationship with MMM Accounts, including, without limitation, the pricing offered to such MMM Accounts, which may be single pricing, multiple pricing or different pricing for (a) different customers in different territories or markets, or parts of different territories or markets, (b) the same customer in the same territory or market, or parts of such territory or market and /or (e) the same customer in different territories or markets, or parts of such territories or markets (the "MMM Pricing"). To the extent feasible, MEC will consult with Distributor with respect to the MMM Pricing. MEC shall use commercially reasonable efforts to arrange for all outlets of any such MMM Account within the Territory to be serviced by Distributor and/or its sub distributors and for delivery of the Products and other arrangements with regard thereto, to be made directly by Distributor and its sub-distributors or their warehouse system. Notwithstanding the foregoing, should the MMM Account concerned not agree to its outlets within the Territory being serviced by Distributor or should Distributor elect not to service such outlets, MEC shall be entitled to service the outlets directly. In the event MEC services the outlets directly, MEC shall bear sole liability and responsibility related to such MMM Account and MEC shall pay to Distributor, during the period that MEC services such outlets directly, an amount equal to twenty-five percent (25%) of Distributor's "average gross profit per case" per Product case SKU sold to and calculated with respect to MMM Accounts in the channel in question but otherwise in accordance with the provisions of Section 12(a)(i)(A) above (or based on MEC's actual selling price of such Product case SKU if such Product case SKU is not sold by Distributor), for each case of such Product case SKU sold by MEC to the outlets concerned (but only on the excess of the amount by which the aggregate cases of such Product case SKU/s sold to such outlets in the Territory during each Contract Year exceeds the number of cases set forth on Exhibit F or the number of cases reduced pro rata for any period of less than one year), within a reasonable time after receipt by MEC of all information necessary for the computation of the amount due under this Section 14, but in no event more frequently than twice per calendar year. For the purposes of this Agreement, the number of cases of Product case SKU/s sold by MEC to the outlets during any period shall be the actual number of cases reasonably determined by MEC, or if not determined by MEC then as determined by multiplying the total number of cases of Product case SKU/s sold by MEC directly to such MMM Account or regional division of such MMM Account, as the case may be, during the period concerned, by a fraction, the numerator of which shall be the number of outlets within the Territory and the denominator of which shall be the total number of outlets that the MMM Account has anywhere in the world participating in the applicable program.

15. Exclusion of Damages.

a. EXCEPT FOR DAMAGES DIRECTLY RESULTING FROM INDEMNITY OBLIGATIONS PROVIDED IN SECTION 19, WITHOUT IN ANY WAY DETRACTING FROM OR LIMITING THE PROVISIONS OF SECTIONS 12(d), 12(e)(iii) AND/OR 12 (e)(v) ABOVE AND, IN ADDITION THERETO, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS Of PROFITS, LOSS OF GOODWILL, BUSINESS INTERRUPTION, LOSS OF BUSINESS OPPORTUNITY, OR ANY OTHER PECUNIARY LOSS) SUFFERED BY THE OTHER RELATED TO OR ARISING OUT OF THIS AGR EEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND/OR THE USE OF OR INABILITY TO USE OR SELL THE PRODUCTS, AND/OR FROM ANY OTHER CAUSE WHATSOEV ER, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

b. EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A

LIMITATION OF LIABILITY OR WARRANTIES, DISCLAIMER, OR EXCLUSION OF DAMAGES, IS EXPRESSLY INTENDED TO BE SEVERABLE AND INDEPENDENT FROM ANY OTHER PROVISION, SINCE THOSE PROVISIONS REPRESENT SEPARATE ELEMENTS OF RISK ALLOCATION BETWEEN THE PARTIES, AND SHALL BE SEPARATELY ENFORCED.

16. Distributor's Representations and Warranties. Distributor represents and warrants to MEC that (a) it hathe right and lawful authority to enter into this Agreement, and (b) the execution, delivery and performance of this Agreement will not cause or require Distributor to breach any obligation to, or agreement or confidence with, any other Person.

17. MEC's Representations and Warranties.

a. MEC represents and warrants to Distributor that (i) it has the right and lawful authority to enter into this Agreement, and (ii) the execution, delivery and performance of this Agreement will not cause or require MEC to breach any obligation to, or agreement or confidence with, any other Person.

b. MEC warrants that all Products, all food additives in the Products, and all substances for use in, with, or for the Products, comprising each shipment or other delivery hereby made by MEC to, or on the order of, Distributor are hereby guaranteed as of the date of delivery to be, on such date, (i) for Products imported by Distributor from the United States, not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, including the Food Additives Amendment of 1958 (the "Act") and are not articles which may not under the provisions of Sections 404, 505, or 512 of the Act, be introduced into interstate commerce, and (ii) for all Products supplied by MEC to Distributor (whether or not imported from the United States) to be in compliance with all health, safety, and labeling standards and specifications imposed by law, regulation or order in the Territory in which the Products will be sold by Distributor and which are applicable to the Products.

c. MEC warrants that all Products shall be merchantable.

d. Distributor's sole and exclusive remedy for MEC's breach of MEC's representations in Sections 17(b) and 17(c) above shall be as provided for in Section 19(b) below.

18. Limitation of Warranty. MEC MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING THE IMPLIED WARRANTIES OF NON INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) EXCEPT THOSE SET FORTH IN SECTION 17 ABOVE.

19. Indemnification.

a. Distributor shall indemnify, defend, and hold harmless MEC and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits, instituted by any third pa1ty, whether groundless or otherwise, and from and against any and all third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and or her expenses of every nature and character arising from the breach of Distributor's express representations and warranties under this Agreement by Distributor or its agents, employees, Subcontractors, sub-distributors or others acting on its behalf, provided that (i) MEC gives Distributor written notice of any indemnifiable claim and MEC does not settle any claim without Distributor's prior written consent, and (ii) MEC does all things reasonably required by applicable law to mitigate the claim, loss, dam age, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

b. MEC shall indemnify, defend, and hold harmless Distributor and its officers, directors, agents, employees, shareholders, legal representatives, successors, assigns, and customers, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits instituted by any third party, whether groundless or otherwise, and from and against any and all such third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character and all Distributor's direct documented costs to store, transport, test and destroy all unsellable Products and advertising materials arising from (i) the breach of MEC's express representations and warranties under this Agreement or those of its agents, employees, subcontractors or others acting on its behalf, (ii) any impurity, adulteration, deterioration in or misbranding of any Products sold to Distributor by MEC, (iii) any prior distributor of Products in the Territory, (iv) any MEC marketing, advertising, promotion, labeling, Global Branding and Marketing, and the Trademarks, Copyrights, Patents, Know-How or other intellectual property relating to the Products, or (v) the fact that the Products (A) are not safe for the purposes for which goods of that kind are normally used or (B) do not comply with any applicable health, safety, or environmental laws, regulations, orders or standards imposed in the Territory; provided that (1) Distributor gives MEC written notice of any indemnifiable claim and Distributor does not settle any claim without MEC's prior written consent, and (2) Distributor does all things reasonably required by applicable law to mitigate the claim, loss, damage, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

c. lf any action or proceeding is brought against Distributor, MEC or any other indemnified party under Section 19(a) or 19(b) (the "Indemnified Party"), the Indemnified Party shall promptly notify the party required to provide indemnification (the "Indemnifying Party") in writing to that effect. If the Indemnified Party fails to promptly notify the Indemnifying Party, the Indemnified Party shall be deemed to have waived any right of indemnification with respect to such claim to the extent (but only to the extent) any delay in such notice prejudices the Indemnifying Party's ability to defend such action, suit or proceeding. The Indemnifying Party shall have the right to defend such action or proceeding at the Indemnifying Party's sole cost by counsel satisfactory to Indemnifying Party. If the Indemnifying Party fails to promptly defend or otherwise settle or finally resolve such action, suit or proceeding, Indemnified Party may defend such action, suit or proceeding using counsel selected by Indemnified Party, and the Indemnifying Party shall reimburse Indemnified Party for any resulting loss, damages, costs, charges, attorney's fees, and other expenses and the related costs of defending such action, suit or proceeding.

d. The parties agree that the provisions contained in this Section shall sur vive for two (2) years upon the termination or expiration of this Agreement.

20. Insurance. During the Term of this Agreement and for a period of one (1) year thereafter, MEC and Distributor agree to maintain policies of insurance of the nature and amounts specified below, which shall provide the other party as an additional insured (providing for a waiver of subrogation rights and endeavoring to provide for not less than thirty (30) days written notice of any modification or termination of coverage), and each party shall provide the other party with a certificate of insurance evidencing such insurance, in a form satisfactory to such party:

- Commercial General Liability, including contractual liability coverage, with limits of at least $1,000,000 per occurrence; Bodily Injury and Property Damage / $1,000,000; Personal and Advertising Injury / $1,000,000; Products/Completed Operations / $2,000,000 General Aggregate.

- Excess or Umbrella Liability with a limit of not less than $5,000,000 per occurrence over the insurance coverage described above.

- Other statutory insurance required by the applicable laws of the Territory.

For any claims under this Agreement, the applicable party's insurance shall be deemed to be primary and not contributing to or in excess of any similar coverage purchased by the other party. All deductibles payable under an applicable policy shall be paid by the party responsible for purchasing such policy. All such insurance shall be written by companies authorized to do business in the state or states where the work is to be performed and having at least the ratings of the respective patties current insurers, unless not obtainable at commercially reasonable rates in light of previous premiums. The parties will ensure that the insurance policies obtained pursuant to this Section are effective and enforceable for any liability, claims or other insurable event arising in the Territory.

21. Competing Products. During the Term of this Agreement, Distributor shall not market, sell, manufacture, prepare, package, or distribute, directly or indirectly, or assist any third party in engaging in the business of manufacturing, marketing, selling, or distributing any Energy Drink/s or products reasonably likely to be confused with any of the Products in the Territory or reasonably likely to be perceived by consumers as confusingly similar to or be passed off as Products ("Competing Products"), except that Distributor may manufacture, prepare, package, market, sell and distribute and otherwise engage or assist any third party in engaging in the business of manufacturing, marketing, selling or distributing in the Territory Competing Products that: (a) are owned, marketed, sold or distributed by KO or an Affiliate of KO, or (b) were internally developed by KO or any of its Affiliates, in each case (a) and (b), to the extent KO is not otherwise prohibited from marketing, selling or distributing such Competing Products pursuant to a written agreement between MEL or MEC and KO. lf under the terms of any written agreement between MEL or MEC and KO, KO authorizes Distributor to sell Competing Products, then Distributor agrees that it shall be obligated at all times to allocate and devote at least such resources and efforts (in all material respects) to the promotion, marketing, sale, and distribution of the Products as are substantially proportional to the ratio that the volume of Distributor's sales of Products bears to the volume of Distributor's sales of Competing Products.

22. Amendment. Except to the extent otherwise expressly permitted by this Agreement, no amendment of, or addition to, this Agreement shall be effective unless reduced to a writing executed by the duly authorized representatives of both parties. KO's approval of any amendment shall be necessary with respect to an amendment, modification, addition or deletion (a) that would reasonably be expected to materially impact KO's rights or benefits under this Agreement or the International Distribution Coordination Agreement, or (b) to any of the following terms (or otherwise materially affecting such terms): definition of Products (to the extent KO has consent rights with respect thereto under the International Distribution Coordination Agreement), term, termination, deadlock procedures, placement in branded refrigerated equipment, distributor's exclusivity, facilitation fee, distribution refusal, competing products or other non-competition, and amendment, in which case KO's affirmative written approval shall be required.

23. Assignment. Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other and KO; provided, that (a) MEC shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of MEC without the written consent of Distributor and/or KO, and any such transferee shall be deemed to be included within the defined term "MEC" for purposes of this Agreement and (b) Distributor shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of Distributor without the written consent of MEC and/or KO, and any such transferee shall be deemed to be included within the defined term "Distributor" for purposes of this Agreement. Any purported assignment or delegation, in the absence of such written consent, shall be void.

24. No Agency. The relationship between MEC and Distributor is that of a vendor to its vendee and nothing herein

contained shall be construed as constituting either party the employee, agent, independent contractor, partner or co-venturer of the other party. Neither party shall have any authority to create or assume any obligation binding on the other party.

25. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York (without reference to its law of conflict of laws), and the provisions of the United Nations Convention On Contracts For The International Sale Of Goods will expressly be excluded and not apply. The place of the making and execution of this Agreement is California, United States of America. Distributor hereby waives any rights that it may otherwise have to assert any rights or defenses under the laws of the Territory or to require that litigation brought by or against it in connection with this Agreement be conducted in the courts or other forums of the Territory. For the sake of clarity, the parties record that their choice of l aw shall not include the New York Franchise Sales Act, or any amendment or functionally equivalent statute, unless such law would otherwise apply, and nothing herein shall be deemed to extend or otherwise affect the scope or application of such statute.

26. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach or termination hereof shall be settled by binding arbitration conducted in the English language by JAMS ("JAMS") in accordance with JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"). The arbitration shall be heard by three arbitrators to be selected in accordance with the Rules, in New York, New York. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Within seven (7) calendar days after appointment the arbitral panel shall set the hearing date, which shall be within ninety (90) days after the filing date of the demand for arbitration unless a later date is required for good cause shown and shall order a mutual exchange of what such panel determines to be relevant documents and the dates thereafter for the taking of up to a maximum of five (5) depositions by each party to last no more than five (5) days in aggregate for each party. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose or imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or with respect to this Agreement, or any breach hereof, including any claim that said Agreement, or any part hereof, is invalid, illegal or otherwise voidable or void. In addition to all other relief, the arbitral panel shall have the power to award reasonable attorneys' fees and costs to the prevailing party. The arbitral panel shall render an award no later than seven (7) calendar days after the close of evidence or the submission of final briefs, whichever occurs later. The decision of the arbitral panel shall be final and conclusive upon all parties. Notwithstanding anything to the contrary, if either party desires to seek injunctive or other provisional relief that does not involve the payment of money, then those claims shall be brought in a slate or federal court located in New York, New York, and the parties hereby irrevocably and unconditionally consent to personal jurisdiction of such courts and venue in New York, New York in any such action for injunctive relief or provisional relief.

27. Force Majeure.

a. Neither party shall be liable for any delays in delivery or failure to perform or other loss due directly or indirectly to circumstances unforeseen as of the Effective Date or causes beyond such party's reasonable control (each, individually, a "Force Majeure Event"), including, without limitation: (i) acts of God, act (including failure to act) of an y Governmental Entity (de jure or de facto), wars (declared or undeclared), governmental priorities, port congestion, riots, revolutions, strikes or other labor disputes, tires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics; or (ii) inability to timely obtain either necessary and proper labor, materials, ingredients, components, facilities, production facilities, energy, fuel, transportation, governmental authorizations or instructions, material or information. The foregoing shall apply even though any Force Majeure Event occurs after such party's performance of its obligations is delayed for other ca uses but only during the period of the applicable Force Majeure Event.

b. The party affected by a Force Majeure Event shall give written notice to the other party of the Force Majeure Event within a reasonable time after the occurrence thereof, stating therein the nature of the suspension of performance and reasons therefore. Such party shall use its commercially reasonable efforts to resume performance as soon as reasonably possible. Upon restoration of the affected party's ability to perform its obligations hereunder, the affected party shall give written notice to the other party within a reasonable time.

28. Merger. This Agreement and the attached Exhibits contain the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement, are intended as a final expression of such parties' agreement with respect to such terms as are included in this Agreement, are intended as a complete and exclusive statement of the terms of such agreement, and supersede all negotiations, stipulations, understandings, agreements, promises, representations and warranties, whether written or oral, if any, with respect to such subject matter, which precede the execution of this Agreement. No other negotiations, stipulations, understandings, agreements, promises, representations, or warranties, whether written or oral, either as an inducement to enter into this Agreement or as to its meaning or effect, have been made that are not contemplated herein.

29. Waivers. No waiver of any provision hereof or of any terms or conditions will be effective unless in writing and signed by the party against which enforcement of the waiver is sought. No relaxation or indulgence which either party may grant to the other shall in any way prejudice or be deemed to be a waiver or novation of any of such party's rights under this Agreement.

30. Product Recall. If any Governmental Entity issues a recall or takes similar action in connection with the Products, or if MEC determines that an event, incident or circumstance has occurred which may require a recall or market withdrawal, MEC shall advise Distributor of the circumstances by telephone or facsimile. MEC shall be responsible for leading and coordinating the arrangement of any Product recall, and Distributor shall cooperate in the event of a Product recall with respect to the reshipment, storage or disposal of recalled Products, the preparation and maintenance of relevant records and reports, and notification to any recipients or end users. MEC shall pay all reasonable expenses incurred by Distributor of such a recall, including the costs of destroying Products. Distributor, shall promptly refer to MEC for exclusive response to all customer or consumer complaints involving the health, safety, quality, composition or packaging of the Products, or which in any way could be detrimental to the image or reputation of MEC or the Products, and shall notify MEC of any governmental, customer or consumer inquiries regarding the Products about which Distributor becomes aware.

31. Interpretation. ln the event any ambiguity or· question of intent or interpretation arises, this Agreement shall be construed as drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. No provision of this Agreement shall be construed against any party on the grounds that such party or its counsel drafted that provision.

32. Partial Invalidity. Each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. lf any provision of this Agreement or the application of the provision to any Person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of the provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected by such invalidity or unenforceability, unless the provision or its application is essential to this Agreement. The parties shall replace any invalid and/or unenforceable provision with a valid and enforceable provision that most closely meets the aims and objectives of the invalid and/or unenforceable provision.

33. Distributor Suppliers Guiding Principles. MEC has been informed by Distributor that the following are Distributor Suppliers Guiding Principles (the "Guiding Principles"). Notwithstanding anything set fot1h below, compliance with the Guiding Principles shall not constitute an obligation of MEC or Distributor under this

Agreement. The Guiding Principles shall constitute unenforceable goals only of the pat1ies and neither party shall be entitled to make any claim for breach against the other or enforce any remedy under this Agreement or terminate this Agreement as the result of non-compliance with, or a violation of, any Guiding Principle(s). The preceding sentence shall not detract from the parties' respective rights and obligations under Section 19 above or any other representation, warranty or obligation expressly made in this Agreement.

- Laws and Regulations - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws, rules, regulations and requirements in the manufacturing and distribution of Products.

- Child Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national child labor laws.

- Forced Labor - Each party will use commercially reasonable good faith efforts to not use forced, bonded, prison, military or compulsory labor.

- Abuse of Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on abuse of employees and will not physically abuse employees.

- Freedom of Association and Collective Bargaining - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on freedom of association and collective bargaining.

- Discrimination - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national discrimination laws.

- Wages and Benefits - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national wages and benefits laws.

- Work Hours and Ovet1ime - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national work hours and overtime laws.

- Health and Safety- Each party will use commercially reasonable good faith efforts to comply with all applicable local and national health and safety laws.

- Environment - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national environmental laws.

34. Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained in this Agreement.

35. Sales Information and Books and Records: Examination. Not later than thirty (30) days after the end of each calendar month Distributor shall deliver to MEC full, complete and accurate written details, separately in respect of each country within the Territory, of the following with respect to Distributor's sale of Products in the Territory: (a) total sales, (b) taxes and/or duties, (e) discounts and sales allowances paid, accrued or credited, (d) Products retuned during such period, (e) other permitted allowances, rebates, and allowance programs granted, paid, payable, reimbursed, credited or incurred by Distributor, and (f) other records containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement (collectively, the "Records"). Distributor shall keep and maintain complete and true books and other records

containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement. MEC shall have the right, at its own expense, on sixty (60) days prior written notice to have such books and records and the Records (and all reasonably related work papers and other reasonable information and documents necessary for any determination under this Agreement or other related agreements) kept by Distributor examined once per calendar quarter by a public accounting firm appointed by MEC to verify the completeness and accuracy of the Records.

36. Publicity. MEC and Distributor each agree that the initial public, written announcements regarding the execution of this Agreement and the subject matter addressed herein shall be coordinated between the parties prior to release. Thereafter, each party agrees to use commercially reasonable efforts to consult with the other party regarding any public, written announcement which a party reasonably anticipates would be materially prejudicial to the other party. Nothing provided herein, however, will prevent either party from (a) making and continuing to make any statements or other disclosures it deems required, prudent or desirable under applicable Federal or State Securities Laws (including without limitation the rules, regulations and directives of the Securities and Exchange Commission) and/or such party's customary business practices, or (b) engaging in oral discussions or oral or written presentations with actual or prospective investors or analysts regarding the subject matter of this Agreement, provided no confidential information is disclosed. If a party breaches this Section 36 it shall have a seven (7) day period in which to cure its breach after written notice from the other party. A breach of this Section 36 shall not entitle a party to damages or to terminate this Agreement.

37. Anti-Bribery Compliance.

a. Distributor shall:

i. comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the United States Foreign Corrupt Practices Act ("Relevant Requirements");

ii. comply with MEC's generally applicable Ethics, Anti-bribery and Anti- corruption Policies and the relevant industry codes on anti-bribery, in each case, that are provided to Distributor and as MEC or the relevant industry body may update them from time to time upon written notice to Distributor ("Relevant Policies");

iii. have and shall maintain in place throughout the term of this Agreement, its own policies and procedures to ensure compliance with the Relevant Requirements and the Relevant Policies, and will enforce them where appropriate;

iv. to the extent permitted under applicable law, promptly report to MEC any request or demand for any undue financial or other advantage of any kind in violation of applicable law received by Distributor in connection with the performance of this Agreement; and

v. to the extent permitted under applicable law, immediately notify MEC (in writing) if it becomes aware that a foreign public official becomes an officer or employee of Distributor or acquires a direct or indirect interest in Distributor (and Distributor warrants that, to its knowledge, it has no foreign public officials as officers, employees or direct or indirect owners at the date of this Agreement).

b. Distributor shall use reasonable efforts to require that all of its agents and subcontractors who perform services or provide goods in connection with this Agreement do so only on the basis of a written contract which imposes on and secures from such persons terms consistent with those imposed on Distributor in this Section 37.

38. Ethical Standards.

a. Distributor and each of its sub-distributors will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to MEC or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

b. MEC will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to Distributor or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

39. Controlling Language. This Agreement is in the English language only, which will be controlling in all respects. No translation, if any, of this Agreement into any other language will be of any force or effect in the interpretation of this Agreement or in a determination of the intent of either party hereto.

40. Notices. All notices or other communications required or permitted to be given to a party to this Agreement shall be in writing and shall be personally delivered, sent by certified mail, postage prepaid, return receipt requested, or sent by an overnight express courier service that provides written confirmation of delivery, to such party at the following respective address:

If to MEC:

Monster Energy Company
1 Monster Way
Corona, California 92879
Attention: Chief Executive Officer
Facsimile: (951) 739-6210

with a copy to:

Solomon Ward Seidenwurm & Smith LLP
401 B Street, Suite 1200
San Diego, California 92101
Attention: Norman L. Smith, Esq. Facsimile: (619) 231-4755

If to Distributor:

RIO DE JANEIRO REFRESCOS LTDA. Rua André Rocha, 2299
Taquara, Jacarepaguá
Rio de Janeiro, RJ 22710-561
Brazil
Attention: Renato Barbosa, Director
John David B Parkes, Director

with a copy to:

RIO DE JANEIRO REFRESCOS LTDA.
Rua André Rocha, 2299
Taquara, Jacarepaguá
Rio de Janeiro, RJ 22710-561
Brazil
Attention: Fernando S. B. Ferrari Jr, Gerente Jurídico (fferrari@koandina.com)

Each such notice or other communication shall be deemed given, delivered and received upon its actual receipt, except that if it is sent by mail in accordance with this Section, then it shall be deemed given, delivered and received three (3) calendar days after confirmed delivery to such carrier. Any party to this Agreement may give a notice of a change of its address to the other party to this Agreement.

41. Further Assurances. Each party to this Agreement will execute all instruments and documents and take all actions as may be reasonably required to effectuate this Agreement.

42. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

43. Confidentiality. During the Term, each party shall maintain in strict confidence all commercial information disclosed by the other party (which obligation shall expressly survive termination of this Agreement for any reason); provided, however that such commercial information shall not include any information which (a) is in the public domain except through any intentional or negligent actor omission of the non-disclosing party (or any agent, employee, shareholder, director, officer, or independent contractor of or retained by such other party or any of its Affiliates), (b) can be shown by clear and convincing tangible evidence to have been in the possession of the non-disclosing party prior to disclosure by the disclosing party, (e) is legally and properly provided to the non-disclosing party without restriction by an independent third party that is under no obligation of confidentiality to the disclosing party and that did not obtain such information in any illegal or improper manner or otherwise in violation of any agreement with the disclosing party, (d) is disclosed without any restrictions of any kind by the disclosing party to third parties on a regular basis without any measures being taken, whether explicitly or implicitly, by the disclosing party to protect the confidentiality of such information, or (e) is independently generated by any employee or independent contractor of or retained by the nondisclosing party, and such employee or independent contractor has no knowledge of any of such commercial information. Notwithstanding the foregoing, the parties agree that any such commercial information may be disclosed as required by applicable Jaw or an order by a Governmental Entity or any requirements of stock market or exchange or other regulatory body having competent jurisdiction; provided, that, except where prohibited by law, the recipient will give the disclosing party reasonable advance notice of such required disclosure, and will reasonably cooperate with the disclosing part y, in order to allow the disclosing party an opportunity to oppose, or limit the disclosure of such commercial information or otherwise secure confidential treatment of such commercial information required to be disclosed; provided, further, that if disclosure is ultimately required, the recipient will furnish only that portion of such commercial information which, based upon advice of legal counsel, the recipient is required to disclose in compliance with any such requirement. The obligation of confidentiality set forth herein shall continue and be maintained for a period of three (3) years after termination of this Agreement, provided further that any Confidential Information constituting a trade secret under applicable law shall continue to remain subject to the obligations of this Section 43 and other applicable provisions of this Agreement for as long as such information remains a trade secret.

44. Non-Binding Negotiations and Effectiveness. MEC and Distributor acknowledge and agree that, except as expressly stated in this Agreement, there are no binding obligations or commitments existing between MEC and Distributor. No course of conduct, whether or not consistent with the terms discussed in connection with this Agreement, shall have the effect of converting any negotiations or discussions into a binding contract. No legally binding contract shall exist between MEC and Distributor unless and until this Agreement is executed by MEC and Distributor. This Agreement shall only become effective when it has been executed by both MEC and Distributor.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

MONSTER ENERGY COMPANY

By: ______________________________
Name: Rodney Sacks
Its: Chairman and CEO

RIO DE JANEIRO REFRESCOS LTDA.

By: ______________________________
Name: Renato Barbosa
Its: Director

RIO DE JANEIRO REFRESCOS LTDA.

By: ______________________________
Name: John David Parkes
Its: Director

EXHIBIT A

International Distribution Agreement

INITIAL PRODUCT LIST

Monster Energy

Juice Monster Khaos Energy + Suco

Lo-Carb Monster Energy

Monster Energy Assault

Monster Energy Ultra

EXHIBIT B

International Distribution Agreement

THE TERRITORY

The same territory in Chile that Distributor is authorized to exclusively service by KO for Coca Cola branded products. The parties agree that the following territory description is Distributor's representation to MEC of Distributor's exclusive territory for Coca-Cola branded products in Chile, but which description shall be subject to verification by MEC following the Commencement Date. Additionally, Distributor and MEC agree to work together in good faith as soon as possible following execution of this Agreement to provide territory maps for Distributor's exclusive territory which will when agreed be attached hereto as Exhibit B-1.

RIO DE JANEIRO

"An area in the State of Minas Gerais, limited by a line that starts and includes the city of NANUQUE; from there, in a Southwest course, until the division of the State of Espírito Santo; from there, in a Southwest/South course, always surrounded by the line dividing the State of Espírito Santo, until finding and including the town of ESPERA FELIZ in the State of Minas Gerais; from there in a Southeast course, until finding the division of the States of Espírito Santo and Rio de Janeiro; from there, in a Southwest course, always surrounded by the division of the State of Rio de Janeiro, until finding and excluding the city of ALÉM PARAÍBA; from there, in a Southwest course up to and excluding the city of TERESÓPOLIS; from there, in a straight line, in a Southwest course, up to and excluding the city of PETRÓPOLIS; from there, in a straight line, in a Northwest course, until and including the city of AVELAR; from there, in a Southwest course, up to and including the town of PATI DO ALFERES; from there, in a Southwest course, up to and including the city of MIGUEL PEREIRA; from there, in a straight line in a Southwest course, up to and including the town of GOVERNADOR PORTELA; from there, in a straight line, in a Southwest course, up to and excluding the city of ENGENHEIRO PAULO DE FRONTIM; from there, in a straight line, in a Southwest course, until and including the town of SEROPÉDICA; from there, in a straight line, in a Southwest course, until and including the city of MANGARATIBA; from there, in a Southeast/East/Northeast course, always accompanying ALL OF THE COASTAL AREA of the States of RIO DE JANEIRO and ESPÍRITO SANTO, until finding the coastal dividing line of the States of Espírito Santo and Bahía; from there, in a Northwest course, following the dividing line of "the States of Espírito Santo and Bahía, until and including the city of NANUQUE, in the State of Minas Gerais, initial point of the official territory;

The PAQUETÁ, BROCOIÓ, POMBEBA, DAS COBRAS, FISCAL, DE VILLEGAIGNON, DO FUNDAO, DO GOVERNADOR and MOCANGUE GRANDE islands are included in this description.

An area in the State of São Paulo, bounded by a line beginning at and including the city of IGARAPAVA; from there, in a straight line in a Southwest direction up to and including the city of MIGUELOPOLIS; from there, in a straight line, to the South, including the city of MORRO AGUDO; from there, in a straight line in a Southwest direction, up to and including the city of PITANGUEIRAS; from there, in a straight line in a Southwest direction, up to and including the city of JABUTICABAL; from there, in a straight line in a Southwest direction, up to and including the city of SANTA ERNESTINA; from there, in a straight line to the South, up to and including the city of DOBRADA; from there, in a straight line in a Southwest direction, up to and including the city of MATAO; from there, in a straight line, in a Southeast direction, up to and including the city of ARARAQUARA; from there, in a straight line in to the East, up to and including the city of SÃO CARLOS; from there, in a straight line to the East, up to and including the city of PIRASSUNUNGA; from there, in a straight line to the East, up to and including the city of ESPÍRITO SANTO DO PINHAL; from there, in a straight line to the East, up to and including the city of ALBERTINA; from there, in a straight line, in a Northeast direction, up to and including the city of SENADOR BENTO; from there, in a straight line in a Northeast direction, up to and including the city of SERRANIA; from there, in a straight line in a Northeast direction, up to and including the city of AREADO; from there, in a straight line in a Northeast direction, up to and including the city of CAMPO DO MEIO; from there, in a straight line, in a Northeast direction, up to and EXCLUIDNG the city of AGUANIL; from there, in a straight line, in a Northwest direction, up to and EXCLUING the city of CRISTAIS; From there, in a straight line in a Northwest direction, up to and including the city of PIMENTA; from there, in a straight line, in a Northwest direction, up to and EXCLUDING the city of DORESÓPOLIS; from there, in a straight line, in a Northwest direction, up to and EXCLUDING the city of MEDEIROS; from there, in a straight line towards the West, up to and including the city of JAGUARINHO; from there, in a straight line towards the West up to the city of IGARAPAVA, the starting point of this official territory.

In the event of a dispute with respect to territorial boundaries between two adjacent parties, MEC shall have the right to decide such dispute in its sole discretion, and any such decision shall be final and binding upon the parties.

EXHIBIT B-1

International Distribution Agreement

EXHIBIT C

International Distribution Agreement

<u>EXCLUSIVE DISTRIBUTOR ACCOUNTS</u>

All Accounts Other than Exclusive MEC Accounts

<u>EXCLUSIVE MEC ACCOUNTS</u>

U.S. Military ONLY AAFES, NEXCOM, MCX, and USCG for Exchanges/Shopettes/Convenience Stores/Class 6 Stores/vending for Outside the Continental United States ("OCONUS")

U.S. Military - Vending and M01·ale, Welfare & Recreation (i.e. including but not limited to bowling alleys, golf courses, officers clubs, etc.) for OCONUS

U.S. Military - all others including, but not limited to, DeCA, Ships-A-Float, Troop Feeding for OCONUS

EXHIBIT D

International Distribution Agreement

THE TRADEMARKS

MONSTER ENERGY

MONSTER

MONSTER

MONSTER ENERGY

UNLEASH THE BEAST

MONSTER LO CARB

MONSTER RIPPER

MONSTER EXPORT

EXHIBIT E

International Distribution Agreement

PROMOTIONAL ACTIVITIES COSTS

Discount and allowances, price promotions and other customer discount activities (“D&A”):

(a) MEC Led Customer Calls: Distributor shall contribute an amount equal to MEC’s contribution for D&A (including listing fees), on a 50-50 basis for all Products sold at a discounted price by Distributor to Distributor’s Accounts, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(b) Distributor Led Customer Calls: MEC shall contribute an amount equal to Distributor’s contribution for D&A (including listing fees), on a 50-50 basis, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(c) Payment & Reconciliation. The frequency of all customer promotional discount programs requiring D&A shall be agreed in the Annual Business Plan. D&A may be paid by either MEC or Distributor to the customer and reconciled periodically.

Trade Marketing Programs including shelf buys. CMA’s, free cases, coupons, corporate/retailer rebates. POS and Product Displays (all materials), in store sampling activities, third party reset fees, meeting competition price offers (“TMP”)

With respect to MEC Led Customer Calls and Distributor Led Customer Calls, the Distributor shall contribute an amount equal to MEC’s contribution on all TMP programs, provided such amount does not exceed the TMP investment agreed and set forth in the Annual Business Plan. The term “TMP programs” shall include such additional TMP programs as may be mutually agreed upon fi-om time to time by the parties. Either party may voluntarily agree to contribute more than its equal share to cover any specific TMP programs. TMP may be paid by either MEC or Distributor to the customer and reconciled periodically.

Equipment.

Distributor shall use commercially reasonable efforts to place Products m all Distributor’s equipment where appropriate and desi red by Distributor’s Accounts.

With respect to all agreed joint Equipment purchases, which agreements shall be in writing, each party shall reimburse the other for 50% of the cost of equipment that the other party shall purchase for the Territory in the future pursuant to such agreement and which shall be managed by Distributor.

Miscellaneous.

lf MEC calls on or assists Distributor in calling on Distributor's Accounts, to the extent that MEC makes a commitment for funds or support in excess of what is provided above or was agreed to by Distributor and MEC, any such excess shall be borne by MEC.

The parties' respective rights and obligations under this Exhibit E shall be revised and amended from time to time to reflect then-prevailing conditions by written agreement of the parties to be arrived at after good faith discussions and negotiation. If the parties are unable to agree upon an amendment requested by either party, such disagreement shall be resolved pursuant to the Deadlock procedures under Section 12(a)(i)(O) of the Agreement.

All amounts and all contributions provided above shall be adjusted, upward or downward, from time to time to account for inflation, changes in selling prices or other adjustments that may occur from time to time, or to conform to prevailing beverage industry practices relating to the Energy Drink category. The amounts of such adjustments shall be mutually agreed in writing by the parties from time to time; provided that such adjustments shall be arrived at after good faith discussions and negotiations between the parties.

EXHIBIT F

International Distribution Agreement

MMM ACCOUNTS-MEC DIRECT VOLUME

To be calculated by MEC as soon as practical following the Commencement Date and to be the number of cases sold directly by MEC to outlets in the Territory during the twelve (12) month period prior to the Commencement Date, but only with respect to that portion of the Territory, if any, (as defined in this Agreement) which was not pa11ofDistributor's "Territory" under one or more distribution agreements in existence between MEC and Distributor prior to the Effective Date (the "Prior Agreements"). In the event that this Agreement is amended to include additional "Territory" following the Commencement Date, the number of cases set forth above shall be increased accordingly, but only with respect to such additional "Territory." For the avoidance of doubt, the number of cases set forth above shall (a) on ly apply to the calculation and payment of the fees payable by MEC to Distributor in accordance with Section 14(c) solely with respect to any new Territory allocated to Distributor pursuant to this Agreement with effect from or after the Effective Date which was not part of Distributor's "Territory" under the Prior Agreements (the "New Territory") and (b) not include the aggregate number of cases of Products sold by MEC to outlets in the Territory that was part of Distributor's "Territory" under the Prior Agreements.

For outlets which are part of Distributor's New Territory, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for the number of cases of Products sold directly by MEC to such outlets, less the number of cases of Products set forth above.

For outlets which were part of Distributor's "Territory" under the Prior Agreements, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for all cases of Products sold directly by MEC to such outlets, without reference to, or subtracting, the number of cases of Products set forth above.

Exhibit 4.29

INTERNATIONAL DISTRIBUTION AGREEMENT

This INTERNATIONAL DISTRIBUTION AGREEMENT (“Agreement”) is entered into as of , 2016 (the “Effective Date”) between MONSTER ENERGY COMPANY, a Delaware corporation, with offices at 1 Monster Way, Corona, California 92879 (“MEC”) and EMBOTELLADORA ANDINA S.A. (“Distributor”). MEC and Distributor are referred to herein collectively as the “parties” and individually as a “party” hereto.

1 . Recitals and Definitions

a. Distributor is a leading distributor of beverages throughout the Territory (as defined below) and has substantial experience in the distribution of beverages. Distributor has developed and implemented successful marketing plans and/or systems for such distribution and which are substantially associated with the trademarks and trade name of The Coca-Cola Company (“KO”). KO has designated Distributor, and MEC wishes to appoint Distributor, as a distributor of Products (as defined below) as part of Distributor’s business operations and systems, with performance to commence as of , 2016, or such other date as may be mutually agreed by the parties in writing, but which in no event shall be later than , 2016 (the “Commencement Date”).

b. When used herein: (i) the word “Products” means (x) all Energy Drinks (as defined below) in any form, that are offered, packaged and/or marketed by MEC or any of its Affiliates at any time after the Effective Date in the Territory under the primary brand name “Monster” or any other primary brand name having “Monster” as a derivative or part of such name, and /or containing the as a primary brand component, and which may, but are not required, to contain the mark, and/or the icon, and (y) such additional beverage products, whether marketed under the Trademarks (as defined below) or otherwise, as MEC and Distributor shall agree from time to time by executing a mutually agreed upon amended Exhibit A. MEC and Distributor shall use commercially reason able efforts to periodically review and update Exhibit A on a reasonable basis throughout the Term. The Products shall include all sizes of SKUs as m ay be determined by MEC and offered, packaged and/or marketed by MEC or any of its Affiliates in good faith from time to time; (ii) the word “Territory” means the territory identified in Exhibit B hereto; (iii) the words “Distributor’s Accounts” mean all accounts or classes of accounts in the Territory (including those set forth as exclusive or non-exclusive Distributor’s Accounts on Exhibit C hereto), other than those reserved for MEC as identified on Exhibit C; (iv) the word “Trademarks” means those names and marks identified on Exhibit D hereto; (v) the words “Energy Drink/s” mean any shelf-stable, in ready-to-drink, powdered, drops or concentrate form, non-alcoholic beverage that satisfies all of the following conditions: (A) it is marketed or positioned to consumers as an energy beverage, (B) it contains one or more of the following ingredients: guarana, taurine, panax ginseng, L-carnitine, B-2 vitamins, B-6 vitamins, B-12 vitamins, L-arginine, astralagus, glucuronolactone or inositol (or, to the extent approved by KO, which approval shall not be unreasonably withheld, conditioned or delayed, any ingredients substituting for or supplementing any of the foregoing ingredients) and (C) it has at least five (5) milligrams of caffeine per ounce (the “Caffeine Requirement”), except that (l) Products under the brand Monster Energy Unleaded (substantially as such Products are formulated, manufactured, marketed and/or sold as of the date hereof, and any line extensions or expansions of such Products marketed under such brand) shall not be required to meet the Caffeine Requirement; and (2) the Caffeine Requirement shall be reduced in respect of any particular territory to the extent that any final law applicable to MEC in such territory imposing restrictions on the on-going business activities of MEC is enacted by a Governmental Entity having jurisdiction over such territory that either (I) specifically establishes a maximum caffeine concentration that is lower than the Caffeine Requirement (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration permitted by such law) or (II) is reasonably expected, based on the good faith judgment of MEC, to have an adverse impact on MEC's business, sales or profitability in such territory due to the caffeine concentration of the Products exceeding a specified level (including, for example, a material tax imposed on beverages with caffeine concentrations above a stated amount but excluding, for the avoidance of doubt, any age or similar restriction on the manner of sale of such beverages) (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration that would not have such adverse impact); it being agreed that affected Products in any affected territory may be reformulated by MEC to the extent necessary to comply with any such law or to avoid such adverse impact; (vi) the word "Affiliates" means as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act of 1933 of the United States of America; (vii) the word "Person" means an individual or firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision there to) or other entity of any kind; and (viii) the words "Governmental Entity" mean any (A) nation, state, county, city, town, village, district, or other jurisdiction of any nature, (B) federal, state, local, municipal, foreign, or other government, (C) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (D) body exercising, or entitled to exercise, any administrative, executive, judicial , legislative, police, regulatory, or taxing authority or power of any nature. All Exhibits referred to in this Agreement shall be deemed to be incorporated into this Agreement.

2. Appointment.

a. Subject to the provisions of Section 2(j) below, with effect from the Commencement Date, MEC appoints Distributor, and Distributor accepts appointment, as a distributor and seller of Products to Distributor's Accounts within the Territory. Such appointment shall be exclusive with respect to each of Distributor's Accounts, except if and to the extent specifically designated as non-exclusive on Exhibit C hereto. Such appointment shall exclude any SKU/s deleted from distribution pursuant to Sections 13(b) or 13(f) below. Those categories of customers which are excluded from the definition of Distributor's Accounts are expressly reserved for MEC, or such other distributors as MEC may from time to time appoint. Distributor shall be entitled to appoint sub-distributors within the Territory provided that the terms of such appointment shall provide that the sub-distributors shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, and the terms of such appointments shall not be inconsistent with the terms and conditions of this Agreement and shall be subject to MEC's rights hereunder. Distributor's appointment of sub-distributors shall be to supplement and augment, but not to replace or substitute, wholly or partially, Distributor's resources, performance capabilities and/or ability to fully perform all of Distributor's obligations in the Territory under this Agreement, y including without limitation, as provided in Section 3 below. Distributor will remain liable for the actions, omissions and performance of all of Distributor's sub-distributors.

b. Distributor shall not directly or indirectly, alone or in conjunction with any other Person (i) actively seek or solicit customers or accounts for the Products outside the Territory or any customers or accounts located within the Territory other than Distributor's Accounts (in particular, but without limiting the above, Distributor shall not actively approach customers outside the Territory or accounts other than Distributor's Accounts in the Territory, whether by direct mail, visits, promotions or media adver1i sing targeted at such customers, or otherwise), and/or (ii) actively sell, market, distribute or actively otherwise dispose of any Products to an y Persons located outside the Territory or to any Persons located within the Territory who Distributor knows or reasonably believes will distribute or resell the Products outside the Territory, except that, subject to all of the terms and conditions of this Agreement, Distributor may sell, market, distribute, assign or otherwise transfer Products to other bottlers or distributors designated by KO that are authorized in writing by MEC for sale, marketing, distributing, assigning or otherwise transferring into such distributor's or bottler's territory. During the Term, Distributor shall purchase exclusively and directly from MEC or its nominees (and from no other Person) all of its requirements for Products. In the event Products distributed or sold by Distributor are found outside the Territory, upon MEC's reasonable request therefor, Distributor shall use Best Efforts (as defined below) to make available to representatives of MEC such sales agreements and other records relating to applicable Products as may be reasonably required for, and otherwise reasonably cooperate with MEC in, all MEC investigations relating to the sale and distribution of the Products outs ide the Territory, in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. Distributor shall use Best Efforts to promptly inform MEC if at any time any sol i citation or offer to purchase Products is made to Distributor in writing by a third party which Distributor knows would result in a breach of this Section 2(b), in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. "Best Efforts" means the efforts a prudent Person desiring in good faith to achieve a result would use in the circumstances to ensure such result is achieved as expeditiously as possible but does not require the Person subject to such obligation to take actions that would result in any materially adverse change, or any financial change which in the aggregate, or over a period of time, would result in any materially adverse change, in the benefits to such Person under this Agreement or require such Person to expend funds or extend other economic incentives, unless otherwise expressly required under this Agreement.

c. Distributor acknowledges and agrees that it has no right to distribute any products of MEC other than the Products. Any sales by MEC to Distributor of any products of MEC that are not the Products, and/or any products sold by MEC to Distributor and/or its sub-distributor(s) beyond the scope, Term (as defined below) or after the termination of this Agreement, with or without cause, for any reason or no reason at all (i) shall not constitute, be construed as, or give rise to, any express or implied distribution agreement, course of conduct or other relationship between MEC and Distributor, (ii) shall not confer upon Distributor or its sub-distributor(s) an y rights of any nature whatsoever, including without limitation to purchase, sell, market or distribute or continue to purchase, sell, market or distribute any products, including Products, or use the Trademarks other than with respect to products sold and delivered by MEC to Distributor, and (iii) shall constitute a separate transaction for each shipment of products actually delivered by MEC to Distributor and/or sub-distributor(s), in MEC's sole and absolute discretion, which MEC shall be entitled to exercise, vary, withdraw and/or cease, on a case by case basis, at any time in MEC's sole and absolute discretion. Distributor irrevocably waives, releases and discharges any claims, liabilities, actions and rights, in law or in equity, against MEC including without limitation for damages (including without limitation, consequential, special or punitive damages), compensation or severance payments or any other claims of whatsoever nature by Distributor arising from or in connection with the matters referred to in this Section 2(c) and/or an y acts, omissions or conduct of MEC with regard to such matters.

d. MEC and Distributor shall reasonably cooperate with respect to obtaining any import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. To the extent MEC reasonably requests that Distributor obtain any such licenses, permits, certificates, or governmental approvals, Distributor shall, at MEC's sole expense, use Best Efforts to obtain such import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. Distributor acknowledges and agrees that all such licenses, permits, certificates, and governmental approvals are obtained for the benefit of MEC, and are subject to Distributor's obligation to comply with the provisions of Sections 3 (x) and 12(e)(vi) below. Distributor shall also comply with any and all governmental laws, regulations, and orders which are applicable to Distributor by reason of its execution and performance of this Agreement, including any and all laws, regulations or orders in the Territory which govern or affect the ordering, export, shipment, import, sale, delivery or redelivery of Products in the Territory. Each of the parties shall notify the other of the existence and content of any provision of law which such party has actual knowledge, conflicts with any provisions of this Agreement at the time of its execution or thereafter. In the export of Products from the United States, Distributor shall further comply with the applicable law of the Territory, as well as U.S. laws and regulations governing exports, including the Export Administration Act and regulations thereunder, and the U.S. Boycott Regulations. Distributor shall use Best Efforts to provide MEC all reasonably necessary assistance in ensuring compliance by MEC, Distributor and the Products with any applicable governmental laws, regulations, orders and registration requirements for, and translations of, the Products, Product labels and any other written information as may be necessary in the Territory, in each case without limiting MEC's representations, warranties or obligations hereunder.

e. MEC and its Affiliates (if applicable) will use commercially reasonable efforts to include provisions comparable to subsections 2(b)(i) and 2(b)(ii) above in its distribution agreements with distributors in territories within Chile. lf any other distributor appointed by MEC in Chile (i) actively seeks and solicits customers in Distributor's Accounts (other than such non-exclusive Distributor's Accounts as identified on Exhibit C) for Products in the Territory, or (ii) actively sells, markets, distributes or otherwise disposes of any Products, either directly or indirectly to any Persons located within its territory who such distributor knows or reasonably believes will distribute or resell the Products inside the Territory, MEC will take commercially reasonable steps to (A) enforce MEC's rights under any distribution agreement, to the extent enforceable under such distribution agreement and applicable law, to address the importation of Products into the Territory in violation of any applicable distribution agreement relating to the Products, (B) enforce MEC's rights against any other distributors to address the importation of Products into the Territory in violation of applicable distribution agreements with such other distributors relating to the Products to which MEC or its Affiliates are a party, but only to the extent enforceable under such applicable distribution agreements and applicable law, and (C) prevent such other distributors from breaching provisions comparable to subsections 2(b)(i) and 2(b)(ii), above, but only, to the extent that MEC shall be entitled to do so pursuant to the terms of its distribution agreements with such distributors and to the extent enforceable under applicable law. Distributor shall cooperate and, if necessary and required by MEC, join with MEC in all such proceedings in accordance with the foregoing. Distributor shall have no claim, and MEC shall have no liability, arising from the sale of Products by such other distributors in the Territory, except to require MEC to enforce the above-mentioned provisions in the applicable distribution agreements.

f. lf Distributor becomes aware that corrective labeling of Products delivered by MEC to Distributor is required in order to comply with applicable law in the Territory, Distributor shall provide to MEC for MEC's written consent, which shall not be unreasonably withheld (i) written notice including details of the applicable law/s, (ii) the corrective Product label proposed by Distributor, and (iii) the estimated costs of relabeling the applicable Products. Upon receipt of MEC's written consent (which shall not be unreasonably withheld), Distributor shall affix the corrective labeling to the Products at MEC's cost provided that such cost has been approved by MEC in writing, which approval shall not be unreasonably withheld. All right, title and interest of every kind and nature in and to such corrective labeling shall be the sole and exclusive property of MEC for all purposes or uses. Distributor hereby assigns to MEC all of Distributor's right, title and interest, if any, in and to such corrective labeling, and agrees to execute any documents and take any action MEC may deem reasonably necessary or appropriate to effectuate such assignment, at MEC's reasonable request and expense.

g. The parties acknowledge that it is their current mutual intention that they will consider in due course entering into a written agreement on mutually acceptable terms to provide for the manufacture of certain Products in the Territory. This subsection 2(g) shall not be enforceable against either party unless and until an enforceable agreement has been executed by both parties.

h. Subject to and without limiting MEL's (as defined below) and its Affiliates' obligations to KO under the International Distribution Coordination Agreement (as defined below), if Distributor declines to distribute, declines to continue to distribute, or proposes not to distribute (each a "Distribution Refusal") (i) substantially all Products, as the case may be, designated by MEC in good faith for sale in the Territory, MEC shall have the right to sell any or all of the Products so designated by MEC for sale in the Territory directly or through other distributors in the Territory, to the exclusion of Distributor, or (ii) one or more of MEC's SKUs designated by MEC for sale in the Territory, MEC shall have the right (without prejudice to its right in clause (i) above) to sell such declined SKU/s directly or through other distributors in the Territory, to the exclusion of Distributor, in each case (i) and (ii) upon forty-five (45) days written notice to Distributor and KO of its intention to do so; provided that such Distribution Refusal continues to exist for such forty-five (45) day period. MEC's right to sell or have sold such Products shall be limited to the portion of the Territory for which such distribution has been declined. The "International Distribution Coordination Agreement" means the Amended and Restated International Distribution Coordination Agreement dated June 12, 2015 between KO and Monster Energy Ltd. (formerly Tauranga, Ltd.), a company organized and existing under the laws of the Republic of Ireland ("MEL") and MEC.

i. If, after the Effective Date, MEC determines to sell or otherwise distribute any Product or any SKU of any Product ("Product SK Us") in the Territory not previously sold or distributed by Distributor (each a "New Product SK U"), prior to launching or otherwise commencing the sale or other distribution of such New Product SKU, MEC shall provide Distributor the right to distribute such New Product SKUs, subject to the terms of this Agreement (and subject to and without limiting MEL's obligations to KO under the International Distribution Coordination Agreement). If Distributor declines to sell and distribute such New Product SK Us in the Territory within fifteen (15) days of MEC's request that such New Product SKUs be added, then MEC shall have the right and option, in MEC's sole and absolute discretion, to sell and distribute such refused New Product SKUs directly or through other distributors selected by MEC, to the exclusion of Distributor; provided that MEC gives such Distributor an additional fifteen (15) days written notice of MEC's intention to do so and Distributor does not commence and continue purchasing from MEC and selling such refused New Product SKUs within such additional fifteen (15) day period. MEC's right to sell or have sold such New Product SKUs shall be limited to the portion of the Territory for which such distribution has been declined.

j. Distributor acknowledges and understands that in order for this Agreement to become effective, it is necessary for MEC to terminate the existing distribution agreement/s for the Products in the Territory ("Existing Distribution Agreement/s") in accordance with the Existing Distribution Agreement/s and /or under applicable law. This Agreement is therefore conditional upon and shall not become effective until, the effective termination of the Existing Distribution Agreement/s on or before December 31, 2016 or such later date as the parties may agree in writing, at which date this Agreement shall become effective. The parties acknowledge and agree that MEC may designate a wholly owned subsidiary of MEC to perform any of MEC's obligations, and/or to exercise any of MEC's rights, under this Agreement, to the extent determined by MEC in its sale and absolute discretion, and such obligations and rights shall be deemed to have been performed and or exercised (as the case may be) by MEC.

3. Distributor's Duties.

Distributor shall:

a. Use commercially reasonable good faith efforts (i) to actively and diligently promote, solicit and push vigorously the wide distribution and sale of the Products to Distributor 's Accounts in the Territory, and (ii) to develop and exploit the full potential of the business of distributing, Marketing (as defined below) and selling the Products throughout the Territory by creating, stimulating and expanding continuously, the future demand for the Products and satisfying fully and in all respects, the current demand therefor (except to accounts reserved for MEC pursuant to Exhibit C and those MMM Accounts (as defined below) that are serviced directly by MEC in accordance with Section 14). For the purposes of this Section 3 and Section 13(a) below, "Marketing" means trade marketing, local marketing and local Product promotions in the Territory;

b. Use commercially reasonable good faith efforts to actively and diligently develop new business opportunities for Products in Distributor's Accounts in the Territory;

c. Use commercially reasonable good faith efforts to actively and diligently manage all of Distributor's sub-distributors throughout the Territory to gain system alignment to promote the sale and distribution of Products;

d. Use commercially reasonable good faith efforts to secure extensive in-stare merchandising and optimal shelf positioning in Distributor's Accounts in the Territory with respect to Products, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

e. Use commercially reasonable good faith efforts to perform complete and efficient distribution functions to and in Distributor's Accounts throughout the Territory;

f. Use commercially reasonable good faith efforts to fully implement the Annual Business Plan (as defined and to be agreed upon from time-to-time in accordance with Section 13(b) below), and use commercially reasonable good faith efforts to achieve and maintain all of the objectives set with respect thereto as contemplated in Section 13(b) below;

g. Use commercially reasonable good faith efforts to achieve and maintain the Performance Targets (as defined and determined each calendar year in accordance with Section 13(d) below);

h. In relation to the sales of the Products only, perm it MEC representatives to accompany Distributor's salesmen on sales routes in the Territory, upon reasonable advance notice to Distributor;

i. Use commercially reasonable good faith efforts to achieve optimum ambient and cold space, position, prominence, and visibility of the Products in all Distributor's Accounts in the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

j. Use commercially reasonable good faith efforts to promote and maintain an efficient, viable and financially sound system of distribution for the Products in Distributor's Accounts throughout the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

k. Provide the resources necessary for the sale, delivery, Marketing, promotion and servicing of the Products in Distributor's Accounts within the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

l. Use commercially reasonable good faith efforts to achieve and maintain Minimum Distribution Levels for the Products in Distributor 's Accounts (other than such nonexclusive Distributor's Accounts as identified on Exhibit C) as agreed upon or determined in accordance with Section 13(e) below from time to time;

m. Perform and satisfy its obligations specified in Sections 10 and 13 below;

n. Provide such sales and Marketing information in relation to the Products as may be reasonably requested by EC;

o. Comply with any applicable laws and regulations of or applicable in the Territory and shall be responsible for ensuring that all Product deliveries by Distributor within the Territory comply with all health, safety, environmental and other standards, specifications and other requirements imposed by law, regulation or order in the Territory, and applicable to the Products;

p. Assign such article numbers as may be utilized by Distributor from time to time for each Product and Product package to track sales information by its sales data collection system;

q. Cause all of its promotional and Marketing efforts and/or activities under this Agreement to be devoted solely to the Products. Unless approved by MEC's prior written consent, it shall be a violation of this subsection for (i) Products to be placed by Distributor in Equipment (as defined below) branded with the trademark of an Energy Drink other than a Product, it being agreed that Distributor may place Products in Equipment branded with another beverage other than an Energy Drink; (ii) Energy Drinks other than Products to be placed by Distributor in Equipment branded for Products; (iii) sales materials for Products created by Distributor to include trademarks of products or Energy Drinks other than Products; (iv) Distributor distributing sales material created by Distributor including trademarks of Products; and (v) Distributor's promotional pricing and/or promotional and/or Marketing activities and/or promotional and/or Marketing programs to apply to all or any Products in combination with all or any Energy Drinks other than Products sold by Distributor. It i s not a violation of this subsection for Products to be ordered, sold, delivered, or merchandised by the same Person or in the same vehicles as other products;

r. Invest all the capital and obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such warehousing, Marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for Distributor to comply with its obligations under this Agreement;

s. For its own account, budget and expend such funds for advertising, Marketing and promoting the Products in the Territory as may be reasonably required by MEC. The parties shall, pursuant to the terms of this Agreement, equally contribute financially to local Marketing programs to create, stimulate and sustain the demand for the Products in the Territory, provided that Distributor shall submit all advertising, Marketing and promotional projects relating to the Trademarks or the Products to MEC for its prior approval, and shall use, publish, maintain or distribute only such advertising, Marketing o1· promotional material relating to the Trademarks or the Products as MEC shall approve and authorize. MEC may also undertake, at its own expense and independently from Distributor, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate;

t. Use commercially reasonable good faith efforts to allocate Products in Distributor Equipment consistent with the Annual Business Plan and to the extent (and in the form and manner) agreed between Distributor and MEC, including without limitation by including at least a reasonable representation of Products in Distributor Equipment, but only where appropriate. "Distributor Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment provided by Distributor, or placed and maintained by Distributor in premises of Distributor's customers within the Territory for use in relation to the refrigeration, display, Marketing, promotion, and /or sale of all or any beverages distributed and sold by Distributor in the Territory. "MEC Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment funded by MEC and/or its Affiliate/s or provided by MEC and /or its Affiliate/s to Distributor and placed in premises of Distributor's customers within the Territory by Distributor for use in relation to the refrigeration, display, Marketing, promotion, and /or sale of all or any Products distributed and sold by Distributor in the Territory, the price of which shall be funded and pa id for equally by MEC and/or its Affiliate/s and Distributor as part of the Annual Business Plan and/or as may otherwise be agreed by the parties in writing from time to time. The appearance and branding of MEC Equipment shall be determined by MEC and/or its Affiliate/s in its discretion. Distributor Equipment and MEC Equipment shall be referred to collectively as the "Equipment;"

u . Take such steps and execute such documents as may be necessary to ensure that any MEC Equipment for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of Products, and any licenses, entitlements, consents or other rights relating to the placement or location of MEC Equipment in a customer's premises remains the exclusive, unencumbered property of MEC. Distributor shall maintain the MEC Equipment in good condition throughout the Term of this Agreement, ordinary wear and tear excepted. Upon termination of this Agreement Distributor shall deliver the MEC Equipment to MEC and/or its Affiliate/s at the location of such Equipment in the customers' premises. As the bona fide depository of the MEC Equipment, Distributor undertakes to take all commercially reasonable steps for the proper storage, preservation and use of the MEC Equipment for as long as such MEC Equipment remains serviceable, and shall be responsible for any failure to do so. If for any reason any of the MEC Equipment is removed and not recovered, Distributor shall be liable for all loss and damages arising from Distributor's breach of this Section 3(u). Distributor hereby agrees to pay MEC any loss or damages incur red by MEC with respect to replacing the MEC Equipment and securing the placement of the MEC Equipment. Distributor further agrees to maintain and to replace such Equipment at such reasonable intervals as are reasonably necessary, and the cost of any such Equipment shall be funded and paid for equally by MEC and Distributor in accordance with the terms of this Agreement and attached Exhibit E;

v. Use commercially reasonable good faith efforts to protect the reputation and goodwill of MEC, the Products, and the Trademarks, conduct business in a proper and businesslike manner and otherwise act in the best interests of MEC in relation to its Products, reputation and goodwill. Distributor shall not act or fail to act in any manner that would reasonably be expected to be detrimental to the brand image of MEC or the Products. Distributor shall not engage in any activities or practices, or fail to engage in activities or practices, that would reasonably be expected to impair the value of or otherwise damage the reputation or goodwill of MEC, the Products, or the Trademarks;

w. Maintain in stock at all times a reasonably sufficient quantity of each Product/s in relation to the demand from Distributor's Accounts in the Territory for at least a reasonable period based on such demand, subject to availability as provided by MEC; and

x. Promptly upon MEC's reasonable request and at MEC's expense, take such action and execute such document/s as may be necessary to assign or otherwise transfer to MEC or MEC's designee, any registrations, licenses, permits, certificates, and governmental approvals that Distributor may have acquired in connection with, and only to the extent it solely relates to, the sale of Products in the Territory, in each case subject to and to the extent permissible under applicable law.

4. Prices.

a. The prices ("Selling Price") to be paid by Distributor to MEC for the Products shall be reviewed and determined annually by MEC for the forthcoming year in its sole discretion after discussion with Distributor but shall be subject to adjustment in accordance with Section 4(c) below. The annual increases to the Selling Price will be communicated to Distributor no later than three (3) calendar months prior to implementation of price increases in a country within the Territory.

b. It is acknowledged that from time to time Distributor may be required by its customer/s to fix, for a period of up to twelve (12) months, the prices that Distributor may charge to its customer/s for ce1tain Products. ln such event, Distributor may request that MEC fix the prices to be paid by Distributor for the applicable Product/s to be resold to such customer/s. MEC shall promptly discuss such a request with Distributor in good faith and the parties will prepare and record any agreement in writing. Provided that MEC agrees to the foregoing in writing, MEC shall not adjust, for the same period that Distributor's prices are fixed, the prices to be paid by Distributor for the applicable Product/s to the extent that (i) the applicable Product/s are to be supplied by Distributor to the customer in question, and (ii) Distributor is not entitled to pass on any price adjustments to such customer. Nothing contained in this Section 4 (b) shall be construed as imposing any agreement or restriction on the right of either MEC to unilaterally determine the Selling Price or the right of Distributor to unilaterally determine Distributor's own resale prices and terms of business.

c. Notwithstanding anything to the contrary contained in this Agreement, in the event of any material change in the costs associated with production of the Products (including, but not limited to, a material change in the costs of ingredients, packaging materials, energy or freight costs related to the production and shipping of Products) at any time, then MEC may adjust the Selling Price of Products to Distributor to reflect such cost increase, effective thirty (30) days after written notice from MEC to Distributor of such change. MEC shall provide reasonable supporting documentation evidencing the material change in its costs of production and delivery, if requested by Distributor.

d. All Selling Prices are exclusive of (i) any costs of carriage and insurance of the Products, and (ii) any applicable value added or any other sales or similar tax, which shall be payable by Distributor.

5. Orders. All purchase orders for Products shall be transmitted in writing or electronically, shall specify a reasonable date and time for delivery to locations in the Territory agreed upon in writing between the parties from time to time and shall be submitted with a lead time of at least ten (10) days and shall be subject to acceptance by MEC in MEC's reasonable discretion. If MEC is unable to accept an order for any reason, then MEC will use commercially reasonable efforts to equitably allocate available Products to fill orders from its distributors and customers, including Distributor. In the event of any conflict or inconsistency between the terms of this Agreement and any purchase order, the terms of this Agreement shall govern. All such purchase orders shall be deemed acceptances of MEC's offers to sell Products and shall limit acceptance by Distributor to the terms and conditions thereof.

6. Payment. MEC shall invoice Distributor on a monthly basis or other mutually agreed periodic basis in the primary currency of the Territory (Chilean Pesos). Such payment shall be made by electronic transfer to a bank account as designated by MEC, or such other bank account as may be designated by MEC, within (i) sixty (60) days of the date of the applicable invoice issued during the first nine (9) months following the Commencement Date, (ii) forty (40) days of the date of the applicable invoice issued after the expiration of the first nine (9) months following the Commencement Date, or (iii) such other period as may be agreed by MEC from time to time in writing. Distributor and MEC shall use a mutually agreeable method of electronic settlement of accounts that Distributor reasonably approves which may include ACH or Xign, Distributor's current electronic invoice presentment system. If Distributor is delinquent in payment upon presentation of invoice and remains delinquent for seven (7) days after written notice calling upon Distributor to pay, Distributor shall reimburse MEC for any costs and expenses incurred by MEC in collecting such delinquent amounts, including, without limitation, legal fees and costs including fees of collection agencies, and interest computed at the lesser of one percent (1 %) per

month or part thereof from the due date(s) or the maximum legally permissible rate. MEC will establish the conditions of shipment and will designate the supply point and/or alternate supply points for each of the Products, in all cases, with the previous consent of Distributor, which consent shall not be unreasonably withheld, conditioned or delayed.

7. Title and Risk of Loss. Title and risk of loss to the Products shall pass to Distributor upon delivery of the Products to Distributor.

8. Forecast and Delivery.

a. Distributor shall provide MEC with rolling thirteen (13) week forecasts describing the volume of each SKU of Products that Distributor projects will be ordered during each thirteen (13) week period during the Term (as defined below) of this Agreement. Distributor shall submit each updated forecast monthly in a format reasonably acceptable to MEC and Distributor no later than the first day of each month during the Term.

b. Unless otherwise agreed in writing by the pat1ies to this Agreement, the Products will be tendered by MEC for delivery to Distributor in full truckload quantities of pat1icular Product lines and extensions but without combining different Product lines in the same truckloads. By way of example, Monster Green (i.e. Monster's original product) and its extensions and Java Monster and its extensions are different particular Product lines. Subject to Distributor providing MEC forecasts in accordance with Section 8 (a) above, MEC agrees to use commercially reasonable good faith efforts to deliver Products to Distributor within thirty (30) days of receipt by MEC of the applicable purchase orders for Products in compliance with Sections 5 and 8(a) above to (i) Distributor, in the case of Products delivered from the point of manufacture to Distributor by ground transportation, and (ii) the shipper, in the case of delivery of the Products to Distributor which involves shipment by sea. MEC shall deliver to Distributor Products with at least six (6) months or fifty percent (50%) of each Product's shelf life remaining at the time of delivery or such other period as may be agreed to between MEC and Distributor with respect to any specific Products. Notwithstanding the foregoing, Distributor acknowledges that delivery dates set forth in purchase orders for Products accepted by MEC are merely approximate and that MEC shall have no liability for late deliveries, except only for fines, penalties and assessments imposed by Distributor's customers and actually paid by Distributor which arise solely and directly as a result of MEC's failure to comply with its obligations under this Section 8.

9. Trademarks.

a. Distributor acknowledges the respective exclusive right, title, and interest in and to the Trademarks and trade names of MEC and /or its Affiliates, whet her or not registered, patents, patent applications, and all rights in inventions (whether or not patentable) (collectively, "Patents"), copyrights and copyrightable material (collectively, "Copyrights") and trade secrets and know-how (collectively, "Know-How") which MEC and /or its Affiliates may have at any time created, adopted, used, registered, or been issued in the United States of America, the Territory or in any other location in connection with MEC's business or the Products and Distributor shall not do, or cause or permit to be done, any acts or things contesting or in any way impairing or tending to impair any portion of MEC's right, title, and interest in and to the Trademarks, trade names, Patents, Copyrights, and Know-How. Any approval by MEC for Distributor to use any Trademarks, trade names, Patents, Copyrights, trade secrets and Know How in connection with the distribution and sale of the Products shall be a mere temporary permission, uncoupled with any right or interest, and without payment of any fee or royalty charge for such use.

b. Distributor shall not use any trademark, name, brand name, logo or other production designation or symbol in connection with Products other than the Trademarks, subject to the terms of this Section 9. It will not be a breach of this Section for the Products to be delivered by Distributor in vehicles, or using employees, agents, assigns or sub-distributors wearing clothing, displaying any other trademark, name, brand name, Jogo or other products designation or symbol. Distributor acknowledges that it has no right or interest in the Trademarks (except as expressly permitted hereunder) and that any use by Distributor of the Trademarks will inure solely to MEC's benefit. Distributor may only use the Trademarks in strict accordance with MEC's policies and instructions, and MEC reserves the right, from time to time and at any time, at its discretion, to modify such policies and instructions then in effect.

c. Any proposed use by Distributor of the Trademarks (to the extent that it either has not been previously approved by MEC in writing or differs materially from a use previously approved by MEC in writing) shall be subject to the prior written consent of MEC, which MEC may withhold in its sole and absolute discretion. Distributor shall submit to MEC in writing each different proposed use of the Trademarks in any medium.

d . Distributor shall not at any time alter the Trademarks or the packaging of Products, use the Trademarks for any purpose other than the promotion, advertising and sale of Products hereunder, or challenge the validity, or do or refrain from doing any act which might result in impairment of the value, of the Trademarks. Distributor shall not cause or permit its business name to include any of the Trademarks or its business to be operated in a manner which is substantially associated with any of the Trademarks.

e. In advertising, promotions or in any other manner so as to identify Products, Distributor shall clearly indicate MEC's ownership of the Trademarks. Distributor further agrees that before distributing or publishing any sales literature, promotional or descriptive materials, MEC shall have the right, upon request, to inspect, edit and approve such materials which illustrate, describe or discuss the Products. Distributor shall com ply with any Trademark usage guidelines that MEC provides to it in writing.

f. Upon the termination of this Agreement, the temporary permission granted under sub-Section 9(a) above will terminate and Distributor shall immediately cease and desist from any use of the Trademarks and any names, marks, logos or symbols similar thereto and the use of any Patents, Copyrights and Know-How.

g. Distributor shall (i) notify MEC of any actual or suspected misuse or infringement of any Trademark, brand name, logo or other production designation or symbol in the Territory, (ii) at MEC's expense and upon MEC's request, assist in such legal proceedings as MEC will deem necessary for the safeguard of any Trademark, brand name, logo or other production designation or symbol in the Territory, and execute and deliver in accordance with MEC's request such documents and instruments as may be necessary or appropriate in the conduct of such proceedings, and (iii) at MEC's expense, assist MEC in the registration and/or renewal of registration of any Trademark, brand name, logo or other production designation or symbol in the Territory as MEC may determine to be necessary or desirable, and execute such documents and instruments as may be necessary to register or to apply for the registration (or registration renewal) of such Trademark, brand name, logo or other production designation or symbol.

h. Distributor shall not acquire or attempt to acquire, for itself or for others, any rights in or to the Patents, Copyrights, K now-How, Trademarks, or any names, marks, logos or symbols confusingly similar thereto, either through registration or use. All rights granted to Distributor concerning the Trademarks, Patents, Copyrights, and Know-How are personal to Distributor, and are not assignable (except in accordance with Section 23) or sublicensable (except to a sub-distributor in accordance with Section 2(a)). Subject to Distributor's rights under Sections 2 and 23; Distributor shall not grant or attempt to grant any rights in or to the Trademarks, Patents, Copyrights, and Know-How to any other Person.

i. If during the Term a third party institutes against MEC or Distributor any cl aim or proceeding that alleges that the use of any Trademark or any K now-How, Patent, trade secret or Copyright in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement infringes the intellectual property rights held by such third party, then MEC shall, in its sole discretion, and at its sole expense, contest, settle, and/or assume direction and control of the defense or settlement of, such action, including all necessary appeals thereunder. Distributor shall use all reasonable efforts to assist and cooperate with MEC in such action, subject to MEC reimbursing Distributor for any reason able out-of-pocket expenses incurred by Distributor in connection with such assistance and cooperation. If, as a result of any such action, a judgment is entered by a court of competent jurisdiction, or settlement is entered by MEC, such that any Know-How, Patent, trade secret, Copyright or Trademark cannot be used in connection with the distribution, marketing, promotion, merchandising and /or sales of the Products under this Agreement without infringing upon the intellectual property rights of such third party, then MEC and Distributor promptly shall cease using such affected Know-How, Patent, trade secret Copyright or Trademark in connection with the distribution, marketing, promotion, merchandising and/or sale of the Products under this Agreement. Except as otherwise specified in this Agreement, neither party shall incur any liability or obligation to the other party arising from any such cessation of the use of the affected Trademark.

j. If MEC, for the purposes of this Agreement, should reasonably require that, in accordance with applicable laws governing the registration and licensing of intellectual property, Distributor be recorded as a registered user or licensee of the Trademarks then, at the request and expense of MEC, Distributor will execute any and all agreements and such other documents as may be necessary for the purpose of entering, varying or canceling the recordation.

10. Promotion and Trade Marketing of Products. Distributor shall be responsible for promotion and Marketing of the Products to Distributor's Accounts within the Territory. Distributor shall use commercially reasonable efforts to actively and diligently distribute and encourage the utilization of merchandising aids and promotional materials in all Distributor's Accounts throughout the Territory. Without in any way detracting from the foregoing, Distributor shall reasonably participate in and diligently implement all Marketing and promotional programs that are mutually agreed upon by MEC and Distributor from time to time. Distributor acknowledges that (a) MEC has no obligation to market and promote the Products, and (b) MEC makes no, and hereby disclaims any, express or implied warranty, representation, or covenant relating to or in connection with MEC's marketing and promotional activities including any Global Branding and Marketing activities (as defined in Section 13(a) below), including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as expressly provided in Section 19 below, Distributor shall have no claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and /or liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

11. Term. Unless terminated by either party pursuant to the terms of this Agreement, the initial term of this Agreement shall commence on the Effective Date and shall end on the tenth (10th) anniversary of the Commencement Date (the "Initial Term"). After the Initial Term, this Agreement shall be renewed automatically for up to two (2) further successive five (5) year terms ("Additional Term/s") unless either party gives written notice to the other at least one hundred twenty (120) days prior to the end of the Initial Term or applicable Additional Term, as the case may be, of its intention not to renew the Agreement for a n Additional Term, and providing the provisions of Sections 2(a), 2(b) and 21 of this Agreement are valid and enforceable in accordance with their respective terms during the applicable Additional Term. If MEC reasonably determines that it is

necessary or desirable that the parties execute an additional agreement or instrument in order for the provisions of Sections 2(a), 2 (b) and 21 to be valid and enforceable, then the parties agree to execute such documents as may reasonably be required to give effect to the foregoing. A "Contract Year" means any calendar year during the Term and the period from the Commencement Date until the close of business on December 31st of the calendar year in which the Commencement Date falls. The Initial Term and any Additional Terms are collectively referred to as the "Term".

12. Termination.

a. Termination for Cause.

i. Termination By Either Party. Without prejudice to its other rights and remedies under this Agreement and those rights and remedies otherwise available in equity or at law, either party may terminate this Agreement on the occurrence of one or more of the following:

A. Breach. A party's material breach of a provision of this Agreement and failure to cure such breach within thirty (30) days after receiving written notice describing such breach in reasonable detail from the non-breaching party; provided, however, if such breach is of a nature that it cannot reasonably be cured within thirty (30) days, then the breaching party shall have an additional forty-five (45) day period to cure such breach, providing it immediately commences, and thereafter diligently prosecutes, in good faith, its Best Efforts to cure such breach. In the event that either MEC or Distributor exercises its right to terminate this Agreement in accordance with this Section 12(a)(i)(A), the breaching party shall be obligated to pay the other party a severance payment measured as a genuine pre-estimate of the other party's losses and not as a penalty (the "Breach Severance Payment") in the amount calculated as follows: Distributor's "average gross profit per case" (as defined below) multiplied by the number of cases of Products sold by Distributor during the most recently completed twelve (12) month period ended on the last day of the month preceding the month in which this Agreement is terminated. Distributor's "average gross profit per case" shall mean Distributor's actual selling price less (1) promotion allowances, discounts, free cases and allowance programs, and (2) Distributor's laid in cost of the Products.

B. Insolvency. The other party (l) makes any general arrangement or assignment for the benefit of creditors, (2) becomes bankrupt, insolvent or a "debtor" as defined in 11 U.S.C. § 101, or any successor statute (unless such petition is dismissed within sixty (60) days after its original filing), (3) has appointed a trustee or receiver to take possession of substantially all of such party's assets or interest in this Agreement (unless possession is restored to such party within sixty (60) days after such taking), or (4) has substantially all of such party's assets or interest in this Agreement (unless such attachment, execution or judicial seizure is discharged within sixty (60) days after such attachment, execution or judicial seizure) attached, executed, or judicially seized.

C. Agreement. Mutual written agreement of the parties.

D. Deadlock.

(1) If (a) the patties are unable to agree upon Performance Targets, the Annual Business Plan or Minimum Distribution Levels, or (b) if Distributor has failed to achieve the applicable Performance Targets, Annual Business Plan or Minimum Distribution Levels or fails to comply with any specific requirements of Distributor under this Agreement, including Section 3 (Distributor's Duties), Section 10 (Promotion and Trade Marketing of Products), Section 13(f) (sales velocity), and Section 13(g) (promotional activities), in any material respect, commencing with the 2016 Contract Year in accordance with Sections 13(b), 13(c) and 13(d) respectively, (clauses (a) and (b) above, collectively referred to as a "Deadlock") t hen either party may, at any time after providing the other party with written notice identifying the specific issues resulting in the Deadlock and making a good faith attempt to

resolve the Deadlock with the other party, but not more than three (3) times per twelve (12) month period, upon written notice to the other party (the "Meet and Confer Notice"), require that representatives of the other party's senior management meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by the parties. Such meet and confer shall begin no later than seven (7) days after the other party's receipt of such Meet and Confer Notice and shall end no later than fifteen (15) days after the other party's receipt of such Meet and Confer Notice (the "Initial Meeting Period"). Representatives of the parties' senior management shall meet and confer during such Initial Meeting Period until (x) resolution of the Deadlock to the parties' mutual satisfaction or (y) conclusion of the Initial Meeting Period, whichever occurs first.

(2) lf the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(l) above, then either party may, at any time after the Initial Meeting Period, upon written notice to the other party and to KO (the "Second Meet and Confer Notice"), require representatives of the other party's senior management and representatives of management of the applicable KO business unit (and/or at MEC's reasonable request, such other representative of senior management of KO), to meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by MEC, Distributor and KO (including via videoconference or teleconference). Such meet and confer shall begin no later than seven (7) days after the other party 's and KO's receipt of such Second Meet and Confer Notice and shall end no later than twenty-one (21) days after the other party's and KO's receipt of such Second Meet and Confer Notice (the "Second Meeting Period"). Representatives of the parties' and the applicable KO business unit's senior management (and/or at MEC's reasonable request, such other representative of senior management of KO), shall meet and confer during such Second Meeting Period until (x) resolution of the Deadlock to the parties' and KO's satisfaction or (y) conclusion of the Second Meeting Period, whichever occurs first. For the avoidance of doubt and without limiting Section 12(a)(i)(D)(5) below, in the event that, after KO's receipt of the Second Meet and Confer Notice, such representative of KO's applicable business unit does not participate in accordance with the foregoing, MEC shall have the option of waiving such requirement that such KO representative participate and proceeding with the Second Meeting Period without a KO representative.

(3) If, after the Second Meeting Period, the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(l) and Section 12(a)(i)(D)(2) above, then the Deadlock shall be resolved by reference as follows:

(x) Reference proceedings may be commenced by either party by giving the other party written notice thereof. Any such reference shall take place be fare a single referee on l y in New York, New York or via videoconference or teleconference. The referee shall be an experienced industry expet1 selected jointly by the parties, or if they cannot agree on a referee within ten (10) days from the commencement of the reference proceedings, then, upon the petition of either party, the experienced industry expert shall be appointed within ten (10) days by the American Beverage Association.

(y) The Deadlock shall be submitted to the referee within ten (10) days after the referee is appointed. No discovery will be permitted and no hearing will be held, except such informal proceedings as the referee may require. Each party shall submit to the referee and the other party within such ten (10) day period such written information and statements as that party deems appropriate in support of its claim not exceeding five (5) pages in length (excluding exhibits), together with such information as the referee may require. Each party shall concurrently submit to the referee and exchange with each other its last and best position with respect to each separate issue subject to Deadlock ("Position") to resolve the Deadlock. Within fourteen (14) days of the date that the parties were required to submit their respective written submissions, the referee shall select one of the two written Positions submitted with respect to each separate issue subject to Deadlock, without change or modification.

(z) Each party shall pay one-ha lf of the referee's fees and otherwise bear its own costs associated with the reference proceeding; provided, that the party whose Position is not selected by the referee (the "Non-Prevailing Party") shall not be obligated to reimburse the party whose position was selected by the referee (the "Prevailing Party") for the referee's fees and costs relating to the proceeding paid by such party.

(4) The Non-Prevailing Party shall have no right to terminate this Agreement or seek any other remedy with respect to the issue for which it was the Non Prevailing Party, and the Position selected by the referee shall be binding upon the patties.

(5) Notwithstanding anything to the contrary contained in this Section 12(a)(i)(D), the patties acknowledge and agree that:

(x) the failure of KO or its applicable business unit 's senior management to attend or participate in, or otherwise perform, all or any of the duties, functions or activities described above will not affect the validity or enforceability of any part or result of the procedure in this Section 12(a)(i)(D).

(y) lf either party is the Prevailing Party two consecutive times in any twelve (12) month period for any issue resulting in a Deadlock, then, after providing at least five (5) days written notice to KO, with a copy to KO's Chief Executive Officer and Chief Financial Officer, of MEC's intention to terminate this Agreement (if MEC is the Prevailing Party), such Prevailing Party shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party; provided that if MEC i s such terminating party, MEC shall pay Distributor a Breach Severance Payment (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or dam ages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(z) If the Non-Prevailing Party materially fails to comply with the Position selected by the referee within a sixty (60) day period (or, if the Non Prevailing Party cannot reasonably comply with such Position within such sixty (60) days, an extended period of no longer than an additional four (4) months) following such selection, then, after providing at least five (5) days written notice to KO (with a copy to KO's Chief Executive Officer and Chief Financial Officer) of the Prevailing Party's intention to terminate this Agreement, the Prevailing Party may, without prejudice to any other rights or remedies available to it under this Agreement or applicable law, give notice of such breach in accordance with, and thereafter invoke the remedy provided under, Section 12(a)(i)(A) above; provided that neither party shall be required to pay a Breach Severance Payment in such event (and neither party shall be liable by reason of such term i nation of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, l eases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(6) Nothing contained in this Section 1 2(a)(i)(D) shall be construed as limiting, restricting or delaying either party's ability to exercise its rights and /or remedies under Section 12(a)(i)(A) above.

ii. <u>Termination by MEC</u>. MEC may terminate this Agreement at any time:

A. Upon written notice, and such termination will be effective immediately upon Distributor's receipt of such notice, (x) if Distributor sells, assigns, delegates or transfers any of its rights and obligations under this Agreement without having obtained MEC's prior written consent thereto (which consent may be withheld in MEC's sole discretion), provided that MEC shall not withhold its consent if such sale, assignment, delegation or transfer is (1) to a Primary KO Distributor (as defined below), (2) to KO or an Affiliate of KO or an Affiliate of Distributor, or (3) a result of an Approved Change of Control (as defined below), or (y) if there is any material change in the control of Distributor or Distributor sells all or substantially all of its assets without the prior written consent of MEC, other than if such material change in control or sale is (1) to a Primary KO Distributor, (2) to KO or an Affiliate of KO, or (3) to any Person to the extent Distributor remains a Primary KO Distributor. "Primary KO Distributor" means a KO Distributor holding the exclusive right to distribute (or that otherwise is the primary distributor of) Coca-Cola brand products in an applicable territory. "Approved Change of Control" means any change of control of Distributor or sale of all or substantially all of Distributor's assets that is consented to by MEC or for which MEC's consent is not required hereunder.

B. Upon the occurrence of an MEC Change of Control (as defined in the International Distribution Coordination Agreement), MEC shall have the option to terminate (1) this Agreement in its entirety (a "Complete Termination") or (2) if the Territory comprises more than one market, Distributor 's right to sell Products in a portion of the Territory (a "Partial Territory Termination"), which option may be exercised within sixty (60) days of the occurrence of such MEC Change of Control, by written notice by MEC to Distributor. Any such termination shall be effective upon Distributor's receipt of MEC's written notice of termination.

MEC's right to terminate this Agreement under this Section 12(a)(ii)(B) shall be MEC's sale right to terminate this Agreement for an MEC Change of Control and independent of any other rights or remedies of MEC under this Agreement.

(x) In the event of a Complete Termination, MEC or its successor, as the case may be, shall pay to Distributor an amount equal to a Breach Severance Payment calculated in accordance with Section l2(a)(i)(A) above (the "Product Severance Payment").

(y) In the event of a Partial Territory Termination, MEC or its successor, as the case may be, shall pay to Distributor a severance payment with respect to the Products which are the subject of the termination, calculated on the same basis as the Breach Severance Payment in accordance with Section 12(a)(i)(A) above, but only with respect to that portion of the Territory which is the subject of the Partial Territory Termination (the "Territory Severance Payment").

(z) Any Product Severance Payment or Territory Severance Payment payable by MEC to Distributor in accordance with Section 12(a)(ii)(B)(x) or 12(a)(ii)(B)(y) shall be paid by MEC to Distributor within thirty (30) days of the later of (1) the date of the applicable termination, and (11) MEC's receipt of all information reasonably necessary to support computation of the Product Severance Payment or Territory Severance Payment, as the case may be, in a form and substance satisfactory to MEC.

iii. [INTENTIONALLY OMITTED]

iv. Termination Upon the Occurrence of Certain Changes. If, after the Effective Date, a change in legal or regulatory conditions in the Territory occurs including, without limitation, any change in any applicable law, regulation or order, or the interpretation of any law, regulation or order in the Territory which has had or would be reasonably expected to (A) have a material adverse effect on the business of distributing Products in that Territory, (B) prevent Distributor from legally obtaining foreign exchange to remit a broad payment for the Products; or (C) result in any part of this Agreement ceasing to be in conformity with the laws or regulations applicable in the Territory and, as a result thereof, or as a result of any other laws affecting this Agreement, any one of the material provisions of this Agreement cannot be legally performed and/or the Products cannot be stored, transported, handled, distributed or sold in accordance with this Agreement, either party may, upon written notice, suspend or terminate the parties' respective rights and obligations under this Agreement solely with respect to (1) the affected Products in the Territory, or, (2) to the extent such change and conditions affects the business of distribution of all or substantially all of the Products in the Territory, all Products in the affected portion of the Territory without liability for damages; provided that neither MEC nor any of its Affiliates shall be permitted to sell any such Products subject to suspension or termination in the affected Territory without first providing Distributor the option to remove the cause for such suspension or re-enter into the Agreement with respect to such Products and Territory. In the event of any such suspension that materially adversely effects Distributor's benefits or obligations hereunder, Distributor shall have the option to terminate this Agreement in its entirety upon written notice to MEC.

b. Optional Termination. MEC shall have the right to terminate this Agreement upon written notice to Distributor (i) in the event of termination or expiration of the International Distribution Coordination Agreement pursuant to and in accordance with its terms and/or (ii) if Distributor is no longer a party to any agreement with KO regarding the distribution of Coca Cola brand products in the Territory. Neither KO, MEC nor Distributor shall be liable to any other party or otherwise obligated to pay to any other party any severance payment or other amount by reason of such termination for compensation, reimbursement or damages of whatsoever nature including, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of this Agreement, other than any fees required to be paid by MEL pursuant to the International Distribution Coordination Agreement.

c. International Distribution Coordination Agreement. Notwithstanding anything to the contrary herein, MEC shall not have the right to terminate this Agreement with respect to any action or circumstance approved by MEL pursuant to Section 4.8 of the International Distribution Coordination Agreement, unless KO consents to such termination in writing in advance.

d. Sole Remedy.

i. The Breach Severance Payment, Product Severance Payment and/or the Territory Severance Payment payable by MEC to Distributor, pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute Distributor's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that Distributor may have against MEC as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(ii i) and 12(e)(v) below and, in addition thereto, under no circumstances shall MEC be liable to Distributor by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of Distributor or in reliance on the existence of this Agreement.

ii. The Breach Severance Payment payable by Distributor to MEC pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute MEC's sale and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that MEC may have against Distributor as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall Distributor be liable to MEC by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of MEC or in reliance on the existence of this Agreement.

e. Other Terms Pertaining to Termination. In the event of the termination of this Agreement for any reason whatsoever (and whether such termination is due to the breach of any of the provisions of this Agreement by any party and/or itself is in breach of the Agreement or otherwise):

i. MEC shall have the right to cancel all of Distributor's purchase orders for affected Products accepted but remaining unfilled as of the date of termination;

ii. All amounts payable by Distributor to MEC or by MEC to Distributor shall be accelerated and shall immediately become due unless such termination results from the other's breach of this Agreement;

iii. Except for the sole remedy provisions in Sections 12(d)(i) and (ii), neither party shall be liable to the other party in contract, tort or on any other theory of liability for any damage, loss, cost or expense (whether general, special, indirect, incidental, consequential or punitive) suffered, incurred or claimed by the other party as a result of or related to such breach and/or termination (even if the termination results from a breach and the breaching party has been advised of the possibility of such damages), including, without limitation, loss of anticipated profits or goodwill, loss of or damage to goodwill or business reputation or any loss of investments or payments made by either party in anticipation of performing under this Agreement;

iv. MEC and Distributor shall each have the option, exercisable upon written notice to the other within thirty (30) days after the date of termination hereof, to cause MEC to (A) repurchase all affected Products in Distributor's inventory and current advertising materials (providing such Products and advertising materials are in saleable condition) at the prices paid or payable for such Products by Distributor (less any freight and insurance charges), F.O.B., Distributor's premises and (B) purchase all of Distributor's right, title and interest in, and all applicable rights in, related to, or associated with, a11 MEC Equipment and the placement or location of such MEC Equipment at all Distributor's customers' locations or premises by Distributor at the fair market value of Distributor's interest, if any, in each such item of MEC Equipment with no amount or compensation allocated to, or payable for, the maintenance, placement or location of the MEC Equipment;

v. Any Breach Severance Payment, Product Severance Payment, or Territory Severance Payment (each, a "Severance Payment") payable in accordance with this Agreement by either MEC or Distributor in the event of termination of this Agreement shall constitute reasonable liquidated damages and is not intended as a forfeiture or penalty. MEC and Distributor agree that it would be impractical and extremely difficult to estimate the total detriment suffered by either party as a result of termination of this Agreement pursuant to this Section 12 or otherwise, and that under the circumstances existing as of the Effective Date, the applicable Severance Payment represents a reasonable estimate of the damages which either MEC or Distributor will incur as a result of such applicable termination. Therefore, MEC and Distributor agree that a reasonable estimate of the total detriment that either party would suffer in the event of termination of this Agreement pursuant to this Section 12 or otherwise is an amount equal to the applicable Severance Payment. The foregoing provision shall not waive or affect either pa1ty's indemnity obligations or the parties' respective rights to enforce those indemnity obligations under this Agreement, or waive or affect either pa1ty's obligations with respect to any other provision of this Agreement which by its terms survives the termination of this Agreement;

vi. Distributor acknowledges and agrees that the payment of any Severance Payment by MEC to Distributor shall be conditional upon (A) Distributor cooperating in good faith with MEC in effecting a smooth transition of or otherwise transferring any distribution or similar rights under this Agreement to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor appointed by MEC, provided that MEC may only withhold payment of such Severance Payment if Distributor materially fails to comply with specific requests of MEC to take actions that are reasonably required to effect such transition and would not impose material costs on Distributor (except to the extent MEC reimburses the same), (B) Distributor, at MEC's request and expense, taking such reasonable action as is necessary to terminate Distributor's registration as MEC's distributor, and/or an authorized importer of Products and/or holder of any health certificate and/or import permit with respect to the Products, with any Governmental Entity, in each case subject to applicable law and (C) Distributor performing its obligations under Section 12(g)(i) below in all material respects. Distributor shall cooperate in good faith with MEC in assigning or otherwise transferring to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor, any such registration or approval including, without limitation, any licenses, permits, certificates, and governmental approvals (or the functional equivalent in the Territory) that Distributor may have acquired in connection with carrying out its obligations under this Agreement. MEC shall not invoke the right to withhold payment of any Severance Payment unless MEC shall have given Distributor at least twenty (20) days written notice of its failure to perform any of its obligations set forth in this Section 12(e)(vi) and Distributor has failed to cure such failure during such twenty (20) days; and

vii. Upon any notice of termination of this Agreement provided in accordance with the terms hereof and during the applicable notice period, nothing in this Agreement shall be deemed to prohibit MEC, in its sole discretion from negotiating and/or granting distribution rights to any third pa1ty or engage directly in transactions concerning the sale and distribution of the Products in the Territory.

f. Continued Supply of Products After Termination. In the event MEC continues to supply Products to Distributor for any reason following the termination of this Agreement, Distributor acknowledges and agrees that any such action shall not constitute a waiver of MEC's rights under this Agreement or a reinstatement, renewal or continuation of the Term of this Agreement. MEC and Distributor agree that if MEC continues to supply Products to Distributor following the termination of this Agreement, (i) Distributor shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, (ii) Distributor shall promptly pay the prices of the Products in full (without deduction or set-off for any reason) in accordance with the payment terms set forth in MEC's invoice, and (iii) MEC shall have the right, in its sole discretion, to discontinue supplying Products to Distributor at any time, without notice to Distributor.

g. Distributor's Obligations After Notice of Termination.

i. During any period after either party gives the other notice of termination of this Agreement and until actual termination of this Agreement, Distributor shall (A) continue to perform all of Distributor's obligations under this Agreement, including without limitation, all of Distributor's obligations under Section 3 above, (B) not cause or permit the Products or the Trademarks to be prejudiced in any manner, (C) not eliminate, reduce or replace the listings, shelf space, positioning and/or other benefits enjoyed by the Products, (D) continue to conduct its business relating to the distribution and sale of Products in the ordinary course and consistent with its prior practices including, without limitation, by not purchasing more inventory than customarily purchased by Distributor of

Products or offering its customers prices, terms or benefits not customarily offered by Distributor such as discounts, rebates or sales promotion allowances (except to the extent permitted hereunder), and (E) generally cooperate with MEC in relation to the transition to any new distributor appointed by MEC for the Territory.

ii. For a period of thirty (30) days after termination of this Agreement for any reason, Distributor shall not tortuously interfere with any listings, shelf space, or positioning for the Products.

13. Annual Business Plan: Minimum Distribution Levels: Promotion.

a. During the Term, MEC shall have primary responsibility for the overall global branding and positioning of the Products, as well as brand and image Marketing for the Products, in such form and manner and of such nature and to such extent as may be determined by MEC in its sole and absolute discretion from time to time ("Global Branding and Marketing"). Distributor acknowledges and agrees that MEC makes no express or implied warranty, representation or covenant relating to or in connection with any Global Branding and Marketing activities, including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as set forth in Section 19 below, Distributor shall not have any claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

b. Not less than sixty (60) days before the end of each Contract Year, MEC and Distributor shall mutually review the conditions of the marketplace, Distributor's efforts to achieve sales and its results, including year over year performance, as well as a proposed annual sales, promotion, and trade marketing plan ("Annual Business Plan") for the next Contract Year prepared by Distributor. Such review shall include discussion on marketing efforts and proposed programs to be implemented to improve the distribution and /or sales velocity of the very lowest selling (measured by sales velocity) SKU/s of Products, if appropriate, and/or the possible deletion from distribution, if appropriate, of the very lowest selling (measured by sales velocity) SKU/s of Products but in accordance with and subject to the provisions of Section 13(t) below. Such Annual Business Plan shall cover such matters as may be appropriate including specific account placement performance objectives, merchandising goals, specific account and channel objectives for specified distribution channels, distribution goals, a sales and marketing spending plan and a strategy for maximizing sales and growth of market share as well as cooler and vending machine programs and plans. Additionally, if the Territory has an ethnic market or concentration, the Annual Business Plan shall address such specific ethnic segments, including retail promotions, point-of-sale allocations and special events for ethnic segments. The Annual Business Plan shall not detract from the provisions of Section 10 above. Distributor shall use Best Efforts to implement such Annual Business Plan in the following Contract Year in accordance with Section 3(t) above.

c. Not less than sixty (60) days before the end of the then-current Contract Year, MEC and Distributor shall mutually agree, in writing, on minimum distribution levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year (the "Minimum Distribution Levels"). Should the patties have failed, for whatsoever reason, to mutually agree upon the Minimum Distribution Levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year, the same shall be determined by reference to the process d escribed in Section 12(a)(i)(D) above. The parties shall per form all of their respective obligations under this Section except that Distributor shall not be obligated to achieve and maintain the Minimum Distribution Levels until the expiration of the six (6) month period immediately following the Commencement Date of this Agreement. A commercially reasonable representation of SKUs of Products shall be required to be in distribution throughout the year in reasonable positioning on shelves, which shall take into account retailer willingness to sell all of the SKUs of Products, shelf space limitations and other commercially reasonable factors that may be applicable in the market.

d. MEC and Distributor shall also agree in writing to performance targets to be achieved and maintained by Distributor for the f01thcoming calendar year of this Agreement (collectively, the "Performance Targets"). For the avoidance of doubt, Performance Targets will not include sales volume or value requirements and the failure to achieve sales volume and/or sales value requirements shall not constitute a breach of this Agreement nor an issue subject to adjudication under Section 12(a)(i)(D).

e. The Minimum Distribution Levels for the Products that shall be required to be achieved and maintained by Distributor for the Products shall be reduced to the extent only that actual distribution levels are eroded as a direct result of (i) MEC's failure to deliver Products in accordance with this Agreement, (ii) MEC's failure to reimburse all costs pursuant to Section.

1 3(g)(i v) below or (i ii) MEC's failure to contribute its agreed share of the parties funding obligation as set forth in Section 13(g)(iii).

f. In every calendar year commencing 2016, the patties agree to periodically meet in order to discuss performance of the lowest selling SKU/s of Products and to delete from distribution in the Territory any SKU/s the parties mutually agree in writing, provided that MEC will not unreasonably withhold its approval to the deletion of any applicable SKU/s. MEC may withhold its approval to deletion of any SKU/s i f any applicable SKU/s has/have sufficient sales velocity or is or are capable of delivering sufficient sales velocity in any one or more of Distributor's Accounts or any one or more regions or countries, as the case may be, to make such SKU/s economically viable to continue in distribution in such one or more of Distributor's Accounts or in any one or more regions or countries, as the case may be. Notwithstanding the foregoing, unless mutually agreed in writing, in no event shall more than ten percent (10%) of the total number of SKUs, rounded down to the nearest whole number (unless ten percent (10%) of the total number of SKUs is less than one (1) but more than 0.5, in which case the number will be rounded up to one (1)), be deleted from distribution in any rolling twelve (12) month period.

g. Promotional activities shall be regulated as follows:

i. The estimated costs of promotional activities shall be allocated as set forth in Exhibit E between MEC and Distributor thirty (30) days prior to the commencement of a calendar year on a cost per-case basis of Products.

ii. The promotional activities costs are to be shared between Distributor and MEC as set forth in Exhibit E. The parties agree that the costs for the promotional activities shall be reconciled each quarter and that the estimate for the costs of promotional activities in the subsequent quarter may be adjusted provided there is mutual agreement.

iii. MEC and Distributor shall periodically meet and may mutually agree to promotional activities including further programs and campaigns not included in the promotional activities contemplated in Exhibit E. The promotional activities costs that are so agreed to between the patties shall be shared between, and paid by, Distributor and MEC as may be agreed in writing from time to time.

iv. lf and to the extent previously approved by MEC in writing, MEC shall reimburse or cred it Distributor for all of Distributor's actual out-of-pocket expenses paid or incurred by Distributor in relation to the promotional and trade marketing of Products not otherwise provided for and /or dealt with pursuant to Section 13(g)(i), (ii) and (iii) above.

v. Distributor shall continue its business in the ordinary course including the provision, utilization, and maintenance of coolers, other refrigeration equipment, and vending machines (including without limitation as provided in Section 3(t) above). Distributor shall be responsible for creating marketing materials for submission to MEC for its final written approval. Distributor shall not use marketing materials unless approved by MEC in writing; provided that if MEC does not notify Distributor that it objects to any suggested marketing materials within fifteen (15) days after receipt of such materials from Distributor, MEC shall be deemed to have approved such suggested marketing materials.

14. Distribution Accounts and MMM Accounts.

a. Distributor and its sub-distributors shall have the primary (except as specified in Exhibit C) relationship with retail and other customers throughout the Territory and shall be responsible for negotiating the terms of sale of the Products within the Territory; provided that without detracting from the foregoing, MEC may, in its sale and absolute discretion, elect to exercise the right to assume some or all of the elements in the primary relationship with any Large Accounts. For the purposes of this Agreement, "Large Account" mean any large accounts ('having multiple outlets within the Territory, which may include MMM Accounts. Such rights shall include, without limitation, the right to provide input to Distributor and its sub-distributors regarding sales strategy and other matters as well as to provide sales, marketing, promotional and merchandising support and programs to retail and other customers as well as the right to meet directly with and make presentations to retail and other customers within the Territory as may be appropriate from time to time; and provided further that MEC will advise Distributor of such meetings before hand to the extent practicable and Distributor shall be entitled to accompany MEC to the meetings. Additionally, MEC may (i) accompany, assist and support Distributor and/or its sub-Distributors from time to time on sales calls to Distributor Accounts in the Territory and to make independent calls on Large Accounts, (ii) to the extent KO extends an invite to MEC with respect to specific system-wide KO bottler meetings that relate in any part to Energy Drinks, attend such part of such meetings relating to Energy Drinks, and (iii) arrange, coordinate and administer a sales trip incentive program at least once per year. For the sake of clarity, MEC shall not offer or agree term s of supply and/or terms of sale of the Products within the Territory to any of Distributor's Accounts without the prior agreement of Distributor (subject to Section 14(c) below), which agreement will not be unreasonably withheld.

b. MEC shall have the right to attend and participate in regular performance review meetings with Distributor to facilitate efficient marketing and distribution of Products. Without detracting from the foregoing, Distributor will not oppose any additional actions the adoption of which are considered by MEC as necessary and justified in order to protect and improve the sales and distribution system for the Products, including, but not limited to those actions which might be adopted concerning the supply of large or special customers whose field of activity transcends the boundaries of the Territory.

c. "MMM Accounts" shall mean multi-market major accounts having multiple outlets in one or more market/s and/or country/ies in any territories for which Distributor has distribution rights for the applicable Products and /or having multiple outlets in one or more market/s and/or country/ies outside of the territories in which Distributor has distribution rights for the applicable Products. The parties recognize that it is in their respective interests to work together to formulate the approach to be followed by them jointly or separately with various customers and/or channels of trade, including MMM Accounts, from time to time, both to take advantage of a coordinated approach and to avoid the negative impact of a lack of coordination. MEC and Distributor therefore agree that an aligned customer/channel approach is a key part of each Annual Business Plan and that they will engage in regular communication to adopt such plans as well as to deal with further opportunities that may arise from time to time during each calendar year, so as to avoid either party acting in an uncoordinated way towards customers. Subject to Section 14(a) above, if MEC deems it desirable for Products to be sold to any MMM Account, MEC shall be entitled, in its discretion, to make arrangements directly with such MMM Account including the terms of sale of Products to the MMM Account and the MMM Pricing (as defined below), which shall take into account the prices and funding then offered by Distributor and its sub-distributors to MMM Accounts and similar categories of customers, in the Territory. Notwithstanding anything to the contrary herein, MEC shall be entitled to determine the business relationship with MMM Accounts, including, without limitation, the pricing offered to such MMM Accounts, which may be single pricing, multiple pricing or different pricing for (a) different customers in different territories or markets, or parts of different territories or markets, (b) the same customer in the same territory or market, or parts of such territory or market and /or (e) the same customer in different territories or markets, or parts of such territories or markets (the "MMM Pricing"). To the extent feasible, MEC will consult with Distributor with respect to the MMM Pricing. MEC shall use commercially reasonable efforts to arrange for all outlets of any such MMM Account within the Territory to be serviced by Distributor and/or its sub distributors and for delivery of the Products and other arrangements with regard thereto, to be made directly by Distributor and its sub-distributors or their warehouse system. Notwithstanding the foregoing, should the MMM Account concerned not agree to its outlets within the Territory being serviced by Distributor or should Distributor elect not to service such outlets, MEC shall be entitled to service the outlets directly. In the event MEC services the outlets directly, MEC shall bear sole liability and responsibility related to such MMM Account and MEC shall pay to Distributor, during the period that MEC services such outlets directly, an amount equal to twenty-five percent (25%) of Distributor's "average gross profit per case" per Product case SKU sold to and calculated with respect to MMM Accounts in the channel in question but otherwise in accordance with the provisions of Section 12(a)(i)(A) above (or based on MEC's actual selling price of such Product case SKU if such Product case SKU is not sold by Distributor), for each case of such Product case SKU sold by MEC to the outlets concerned (but only on the excess of the amount by which the aggregate cases of such Product case SKU/s sold to such outlets in the Territory during each Contract Year exceeds the number of cases set forth on Exhibit F or the number of cases reduced pro rata for any period of less than one year), within a reasonable time after receipt by MEC of all information necessary for the computation of the amount due under this Section 14, but in no event more frequently than twice per calendar year. For the purposes of this Agreement, the number of cases of Product case SKU/s sold by MEC to the outlets during any period shall be the actual number of cases reasonably determined by MEC, or if not determined by MEC then as determined by multiplying the total number of cases of Product case SKU/s sold by MEC directly to such MMM Account or regional division of such MMM Account, as the case may be, during the period concerned, by a fraction, the numerator of which shall be the number of outlets within the Territory and the denominator of which shall be the total number of outlets that the MMM Account has anywhere in the world participating in the applicable program.

15. Exclusion of Damages.

a. EXCEPT FOR DAMAGES DIRECTLY RESULTING FROM INDEMNITY OBLIGATIONS PROVIDED IN SECTION 19, WITHOUT IN ANY WAY DETRACTING FROM OR LIMITING THE PROVISIONS OF SECTIONS 12(d), 12(e)(iii) AND/OR 12 (e)(v) ABOVE AND, IN ADDITION THERETO, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS Of PROFITS, LOSS OF GOODWILL, BUSINESS INTERRUPTION, LOSS OF BUSINESS OPPORTUNITY, OR ANY OTHER PECUNIARY LOSS) SUFFERED BY THE OTHER RELATED TO OR ARISING OUT OF THIS AGR EEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND/OR THE USE OF OR INABILITY TO USE OR SELL THE PRODUCTS, AND/OR FROM ANY OTHER CAUSE WHATSOEV ER, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

b. EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A

LIMITATION OF LIABILITY OR WARRANTIES, DISCLAIMER, OR EXCLUSION OF DAMAGES, IS EXPRESSLY INTENDED TO BE SEVERABLE AND INDEPENDENT FROM ANY OTHER PROVISION, SINCE THOSE PROVISIONS REPRESENT SEPARATE ELEMENTS OF RISK ALLOCATION BETWEEN THE PARTI ES, AND SHALL BE SEPARATELY ENFORCED.

16. Distributor's Representations and Warranties. Distributor represents and warrants to MEC that (a) it hathe right and lawful authority to enter into this Agreement, and (b) the execution, delivery and performance of this Agreement will not cause or require Distributor to breach any obligation to, or agreement or confidence with, any other Person.

17. MEC's Representations and Warranties.

a. MEC represents and warrants to Distributor that (i) it has the right and lawful authority to enter into this Agreement, and (ii) the execution, delivery and performance of this Agreement will not cause or require MEC to breach any obligation to, or agreement or confidence with, any other Person.

b. MEC warrants that all Products, all food additives in the Products, and all substances for use in, with, or for the Products, comprising each shipment or other delivery hereby made by MEC to, or on the order of, Distributor are hereby guaranteed as of the date of delivery to be, on such date, (i) for Products imported by Distributor from the United States, not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, including the Food Additives Amendment of 1958 (the "Act") and are not articles which may not under the provisions of Sections 404, 505, or 512 of the Act, be introduced into interstate commerce, and (ii) for all Products supplied by MEC to Distributor (whether or not imported from the United States) to be in compliance with all health, safety, and labeling standards and specifications imposed by law, regulation or order in the Territory in which the Products will be sold by Distributor and which are applicable to the Products.

c. MEC warrants that all Products shall be merchantable.

d. Distributor's sole and exclusive remedy for MEC's breach of MEC's representations in Sections 17(b) and 17(c) above shall be as provided for in Section 19(b) below.

18. Limitation of Warranty. MEC MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING THE IMPLIED WARRANTIES OF NON INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) EXCEPT THOSE SET FORTH IN SECTTON 17 ABOVE.

19. Indemnification.

a. Distributor shall indemnify, defend, and hold harmless MEC and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits, instituted by any third pa1ty, whether groundless or otherwise, and from and against any and all third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and or her expenses of every nature and character arising from the breach of Distributor's express representations and warranties under this Agreement by Distributor or its agents, employees, Subcontractors, sub-distributors or others acting on its behalf, provided that (i) MEC gives Distributor written notice of any indemnifiable claim and MEC does not settle any claim without Distributor's prior written consent, and (ii) MEC does all things reasonably required by applicable law to mitigate the claim, loss, dam age, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

b. MEC shall indemnify, defend, and hold harmless Distributor and its officers, directors, agents, employees, shareholders, legal representatives, successors, assigns, and customers, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits instituted by any third party, whether groundless or otherwise, and from and against any and all such third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character and all Distributor's direct documented costs to store, transport, test and destroy all unsellable Products and advertising materials arising from (i) the breach of MEC's express representations and warranties under this Agreement or those of its agents, employees, subcontractors or others acting on its behalf, (ii) any impurity, adulteration, deterioration in or misbranding of any Products sold to Distributor by MEC, (iii) any prior distributor of Products in the Territory, (iv) any MEC marketing, advertising, promotion, labeling, Global Branding and Marketing, and the Trademarks, Copyrights, Patents, Know-How or other intellectual property relating to the Products, or (v) the fact that the Products (A) are not safe for the purposes for which goods of that kind are normally used or (B) do not comply with any applicable health, safety, or environmental laws, regulations, orders or standards imposed in the Territory; provided that (1) Distributor gives MEC written notice of any indemnifiable claim and Distributor does not settle any claim without MEC's prior written consent, and (2) Distributor does all things reasonably required by applicable law to mitigate the claim, loss, damage, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

c. lf any action or proceeding is brought against Distributor, MEC or any other indemnified party under Section 19(a) or 19(b) (the "Indemnified Party"), the Indemnified Party shall promptly notify the party required to provide indemnification (the "Indemnifying Party") in writing to that effect. If the Indemnified Party fails to promptly notify the Indemnifying Party, the Indemnified Party shall be deemed to have waived any right of indemnification with respect to such claim to the extent (but only to the extent) any delay in such notice prejudices the Indemnifying Party's ability to defend such action, suit or proceeding. The Indemnifying Party shall have the right to defend such action or proceeding at the Indemnifying Party's sole cost by counsel satisfactory to Indemnifying Party. If the Indemnifying Party fails to promptly defend or otherwise settle or finally resolve such action, suit or proceeding, Indemnified Party may defend such action, suit or proceeding using counsel selected by Indemnified Party, and the Indemnifying Party shall reimburse Indemnified Party for any resulting loss, damages, costs, charges, attorney's fees, and other expenses and the related costs of defending such action, suit or proceeding.

d. The parties agree that the provisions contained in this Section shall sur vive for two (2) years upon the termination or expiration of this Agreement.

20. Insurance. During the Term of this Agreement and for a period of one (1) year thereafter, MEC and Distributor agree to maintain policies of insurance of the nature and amounts specified below, which shall provide the other party as an additional insured (providing for a waiver of subrogation rights and endeavoring to provide for not less than thirty (30) days written notice of any modification or termination of coverage), and each party shall provide the other party with a certificate of insurance evidencing such insurance, in a form satisfactory to such party:

- Commercial General Liability, including contractual liability coverage, with limits of at least $1,000,000 per occurrence; Bodily Injury and Property Damage / $1,000,000; Personal and Advertising Injury / $1,000,000; Products/Completed Operations / $2,000,000 General Aggregate.

- Excess or Umbrella Liability with a limit of not less than $5,000,000 per occurrence over the insurance coverage described above.

- Other statutory insurance required by the applicable laws of the Territory.

For any claims under this Agreement, the applicable party's insurance shall be deemed to be primary and not contributing to or in excess of any similar coverage purchased by the other party. All deductibles payable under an applicable policy shall be paid by the party responsible for purchasing such policy. All such insurance shall be written by companies authorized to do business in the state or states where the work is to be performed and having at least the ratings of the respective patties current insurers, unless not obtainable at commercially reasonable rates in light of previous premiums. The parties will ensure that the insurance policies obtained pursuant to this Section are effective and enforceable for any liability, claims or other insurable event arising in the Territory.

21. Competing Products. During the Term of this Agreement, Distributor shall not market, sell, manufacture, prepare, package, or distribute, directly or indirectly, or assist any third party in engaging in the business of manufacturing, marketing, selling, or distributing any Energy Drink/s or products reasonably likely to be confused with any of the Products in the Territory or reasonably likely to be perceived by consumers as confusingly similar to or be passed off as Products ("Competing Products"), except that Distributor may manufacture, prepare, package, market, sell and distribute and otherwise engage or assist any third party in engaging in the business of manufacturing, marketing, selling or distributing in the Territory Competing Products that: (a) are owned, marketed, sold or distributed by KO or an Affiliate of KO, or (b) were internally developed by KO or any of its Affiliates, in each case (a) and (b), to the extent KO is not otherwise prohibited from marketing, selling or distributing such Competing Products pursuant to a written agreement between MEL or MEC and KO. lf under the terms of any written agreement between MEL or MEC and KO, KO authorizes Distributor to sell Competing Products, then Distributor agrees that it shall be obligated at all times to allocate and devote at least such resources and efforts (in all material respects) to the promotion, marketing, sale, and distribution of the Products as are substantially proportional to the ratio that the volume of Distributor's sales of Products bears to the volume of Distributor's sales of Competing Products.

22. Amendment. Except to the extent otherwise expressly permitted by this Agreement, no amendment of, or addition to, this Agreement shall be effective unless reduced to a writing executed by the duly authorized representatives of both parties. KO's approval of any amendment shall be necessary with respect to an amendment, modification, addition or deletion (a) that would reasonably be expected to materially impact KO's rights or benefits under this Agreement or the International Distribution Coordination Agreement, or (b) to any of the following terms (or otherwise materially affecting such terms): definition of Products (to the extent KO has consent rights with respect thereto under the International Distribution Coordination Agreement), term, termination, deadlock procedures, placement in branded refrigerated equipment, distributor's exclusivity, facilitation fee, distribution refusal, competing products or other non-competition, and amendment, in which case KO's affirmative written approval shall be required.

23. Assignment. Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other and KO; provided, that (a) MEC shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of MEC without the written consent of Distributor and/or KO, and any such transferee shall be deemed to be included within the defined term "MEC" for purposes of this Agreement and (b) Distributor shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of Distributor without the written consent of MEC and/or KO, and any such transferee shall be deemed to be included within the defined term "Distributor" for purposes of this Agreement. Any purported assignment or delegation, in the absence of such written consent, shall be void.

24. No Agency. The relationship between MEC and Distributor is that of a vendor to its vendee and nothing herein

contained shall be construed as constituting either party the employee, agent, independent contractor, partner or co-venturer of the other party. Neither party shall have any authority to create or assume any obligation binding on the other party.

25. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York (without reference to its law of conflict of laws), and the provisions of the United Nations Convention On Contracts For The International Sale Of Goods will expressly be excluded and not apply. The place of the making and execution of this Agreement is California, United States of America. Distributor hereby waives any rights that it may otherwise have to assert any rights or defenses under the laws of the Territory or to require that litigation brought by or against it in connection with this Agreement be conducted in the courts or other forums of the Territory. For the sake of clarity, the parties record that their choice of l aw shall not include the New York Franchise Sales Act, or any amendment or functionally equivalent statute, unless such law would otherwise apply, and nothing herein shall be deemed to extend or otherwise affect the scope or application of such statute.

26. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach or termination hereof shall be settled by binding arbitration conducted in the English language by JAMS ("JAMS") in accordance with JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"). The arbitration shall be heard by three arbitrators to be selected in accordance with the Rules, in New York, New York. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Within seven (7) calendar days after appointment the arbitral panel shall set the hearing date, which shall be within ninety (90) days after the filing date of the demand for arbitration unless a later date is required for good cause shown and shall order a mutual exchange of what such panel determines to be relevant documents and the dates thereafter for the taking of up to a maximum of five (5) depositions by each party to last no more than five (5) days in aggregate for each party. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose or imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or with respect to this Agreement, or any breach hereof, including any claim that said Agreement, or any part hereof, is invalid, illegal or otherwise voidable or void. In addition to all other relief, the arbitral panel shall have the power to award reasonable attorneys' fees and costs to the prevailing party. The arbitral panel shall render an award no later than seven (7) calendar days after the close of evidence or the submission of final briefs, whichever occurs later. The decision of the arbitral panel shall be final and conclusive upon all parties. Notwithstanding anything to the contrary, if either party desires to seek injunctive or other provisional relief that does not involve the payment of money, then those claims shall be brought in a slate or federal court located in New York, New York, and the parties hereby irrevocably and unconditionally consent to personal jurisdiction of such courts and venue in New York, New York in any such action for injunctive relief or provisional relief.

27. Force Majeure.

a. Neither party shall be liable for any delays in delivery or failure to perform or other loss due directly or indirectly to circumstances unforeseen as of the Effective Date or causes beyond such party's reasonable control (each, individually, a "Force Majeure Event"), including, without limitation: (i) acts of God, act (including failure to act) of an y Governmental Entity (de jure or de facto), wars (declared or undeclared), governmental priorities, port congestion, riots, revolutions, strikes or other labor disputes, tires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics; or (ii) inability to timely obtain either necessary and proper labor, materials, ingredients, components, facilities, production facilities, energy, fuel, transportation, governmental authorizations or instructions, material or information. The foregoing shall apply even though any Force Majeure Event occurs after such party's performance of its obligations is delayed for other ca uses but only during the period of the applicable Force Majeure Event.

b. The party affected by a Force Majeure Event shall give written notice to the other party of the Force Majeure Event within a reasonable time after the occurrence thereof, stating therein the nature of the suspension of performance and reasons therefore. Such party shall use its commercially reasonable efforts to resume performance as soon as reasonably possible. Upon restoration of the affected party's ability to perform its obligations hereunder, the affected party shall give written notice to the other party within a reasonable time.

28. Merger. This Agreement and the attached Exhibits contain the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement, are intended as a final expression of such parties' agreement with respect to such terms as are included in this Agreement, are intended as a complete and exclusive statement of the terms of such agreement, and supersede all negotiations, stipulations, understandings, agreements, promises, representations and warranties, whether written or oral, if any, with respect to such subject matter, which precede the execution of this Agreement. No other negotiations, stipulations, understandings, agreements, promises, representations, or warranties, whether written or oral, either as an inducement to enter into this Agreement or as to its meaning or effect, have been made that are not contemplated herein.

29. Waivers. No waiver of any provision hereof or of any terms or conditions will be effective unless in writing and signed by the party against which enforcement of the waiver is sought. No relaxation or indulgence which either party may grant to the other shall in any way prejudice or be deemed to be a waiver or novation of any of such party's rights under this Agreement.

30. Product Recall. If any Governmental Entity issues a recall or takes similar action in connection with the Products, or if MEC determines that an event, incident or circumstance has occurred which may require a recall or market withdrawal, MEC shall advise Distributor of the circumstances by telephone or facsimile. MEC shall be responsible for leading and coordinating the arrangement of any Product recall, and Distributor shall cooperate in the event of a Product recall with respect to the reshipment, storage or disposal of recalled Products, the preparation and maintenance of relevant records and reports, and notification to any recipients or end users. MEC shall pay all reasonable expenses incurred by Distributor of such a recall, including the costs of destroying Products. Distributor, shall promptly refer to MEC for exclusive response to all customer or consumer complaints involving the health, safety, quality, composition or packaging of the Products, or which in any way could be detrimental to the image or reputation of MEC or the Products, and shall notify MEC of any governmental, customer or consumer inquiries regarding the Products about which Distributor becomes aware.

31. Interpretation. ln the event any ambiguity or· question of intent or interpretation arises, this Agreement shall be construed as drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. No provision of this Agreement shall be construed against any party on the grounds that such party or its counsel drafted that provision.

32. Partial Invalidity. Each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. lf any provision of this Agreement or the application of the provision to any Person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of the provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected by such invalidity or unenforceability, unless the provision or its application is essential to this Agreement. The parties shall replace any invalid and/or unenforceable provision with a valid and enforceable provision that most closely meets the aims and objectives of the invalid and/or unenforceable provision.

33. Distributor Suppliers Guiding Principles. MEC has been informed by Distributor that the following are Distributor Suppliers Guiding Principles (the "Guiding Principles"). Notwithstanding anything set fot1h below, compliance with the Guiding Principles shall not constitute an obligation of MEC or Distributor under this

Agreement. The Guiding Principles shall constitute unenforceable goals only of the pat1ies and neither party shall be entitled to make any claim for breach against the other or enforce any remedy under this Agreement or terminate this Agreement as the result of non-compliance with, or a violation of, any Guiding Principle(s). The preceding sentence shall not detract from the parties' respective rights and obligations under Section 19 above or any other representation, warranty or obligation expressly made in this Agreement.

- Laws and Regulations - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws, rules, regulations and requirements in the manufacturing and distribution of Products.

- Child Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national child labor laws.

- Forced Labor - Each party will use commercially reasonable good faith efforts to not use forced, bonded, prison, military or compulsory labor.

- Abuse of Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on abuse of employees and will not physically abuse employees.

- Freedom of Association and Collective Bargaining - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on freedom of association and collective bargaining.

- Discrimination - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national discrimination laws.

- Wages and Benefits - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national wages and benefits laws.

- Work Hours and Ovet1ime - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national work hours and overtime laws.

- Health and Safety- Each party will use commercially reasonable good faith efforts to comply with all applicable local and national health and safety laws.

- Environment - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national environmental laws.

34. Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained in this Agreement.

35. Sales Information and Books and Records: Examination. Not later than thirty (30) days after the end of each calendar month Distributor shall deliver to MEC full, complete and accurate written details, separately in respect of each country within the Territory, of the following with respect to Distributor's sale of Products in the Territory: (a) total sales, (b) taxes and/or duties, (e) discounts and sales allowances paid, accrued or credited, (d) Products retuned during such period, (e) other permitted allowances, rebates, and allowance programs granted, paid, payable, reimbursed, credited or incurred by Distributor, and (f) other records containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement (collectively, the "Records"). Distributor shall keep and maintain complete and true books and other records

containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement. MEC shall have the right, at its own expense, on sixty (60) days prior written notice to have such books and records and the Records (and all reasonably related work papers and other reasonable information and documents necessary for any determination under this Agreement or other related agreements) kept by Distributor examined once per calendar quarter by a public accounting firm appointed by MEC to verify the completeness and accuracy of the Records.

36. Publicity. MEC and Distributor each agree that the initial public, written announcements regarding the execution of this Agreement and the subject matter addressed herein shall be coordinated between the parties prior to release. Thereafter, each party agrees to use commercially reasonable efforts to consult with the other party regarding any public, written announcement which a party reasonably anticipates would be materially prejudicial to the other party. Nothing provided herein, however, will prevent either party from (a) making and continuing to make any statements or other disclosures it deems required, prudent or desirable under applicable Federal or State Securities Laws (including without limitation the rules, regulations and directives of the Securities and Exchange Commission) and/or such party's customary business practices, or (b) engaging in oral discussions or oral or written presentations with actual or prospective investors or analysts regarding the subject matter of this Agreement, provided no confidential information is disclosed. If a party breaches this Section 36 it shall have a seven (7) day period in which to cure its breach after written notice from the other party. A breach of this Section 36 shall not entitle a party to damages or to terminate this Agreement.

37. Anti-Bribery Compliance.

a. Distributor shall:

i. comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the United States Foreign Corrupt Practices Act ("Relevant Requirements");

ii. comply with MEC's generally applicable Ethics, Anti-bribery and Anti- corruption Policies and the relevant industry codes on anti-bribery, in each case, that are provided to Distributor and as MEC or the relevant industry body may update them from time to time upon written notice to Distributor ("Relevant Policies");

iii. have and shall maintain in place throughout the term of this Agreement, its own policies and procedures to ensure compliance with the Relevant Requirements and the Relevant Policies, and will enforce them where appropriate;

iv. to the extent permitted under applicable law, promptly report to MEC any request or demand for any undue financial or other advantage of any kind in violation of applicable law received by Distributor in connection with the performance of this Agreement; and

v. to the extent permitted under applicable law, immediately notify MEC (in writing) if it becomes aware that a foreign public official becomes an officer or employee of Distributor or acquires a direct or indirect interest in Distributor (and Distributor warrants that, to its knowledge, it has no foreign public officials as officers, employees or direct or indirect owners at the date of this Agreement).

b. Distributor shall use reasonable efforts to require that all of its agents and subcontractors who perform services or provide goods in connection with this Agreement do so only on the basis of a written contract which imposes on and secures from such persons terms consistent with those imposed on Distributor in this Section 37.

38. Ethical Standards.

a. Distributor and each of its sub-distributors will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to MEC or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

b. MEC will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to Distributor or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

39. Controlling Language. This Agreement is in the English language only, which will be controlling in all respects. No translation, if any, of this Agreement into any other language will be of any force or effect in the interpretation of this Agreement or in a determination of the intent of either party hereto.

40. Notices. All notices or other communications required or permitted to be given to a party to this Agreement shall be in writing and shall be personally delivered, sent by certified mail, postage prepaid, return receipt requested, or sent by an overnight express courier service that provides written confirmation of delivery, to such party at the following respective address:

If to MEC:

Monster Energy Company
1 Monster Way
Corona, California 92879
Attention: Chief Executive Officer
Facsimile: (951) 739-6210

with a copy to:

Solomon Ward Seidenwurm & Smith LLP
401 B Street, Suite 1200
San Diego, California 92101
Attention: Norman L. Smith, Esq. Facsimile: (619) 231-4755

If to Distributor:

Embotelladora Andina S.A.
Miraflores, N°9153
Renca
Santiago, Chile
Attention: Andrés Wainer Pollack, CFO Corporate
(Andres.Wainer@koandina.com)
José Luis Solórzano Hurtado, General Manager Chile
(JSolorzano@koandina.com)

For Payment Notices:

Embotelladora Andina S.A.
Miraflores, N°9153
Renca
Santiago, Chile
Attention: Pedro Rolla Dinamarca, Controller Chile (pedro.rolla@koandina.com)

with a copy to:

Embotelladora Andina S.A.
Miraflores, N°9153
Renca
Santiago, Chile
Attention: Alberto Moreno Figueroa, CFO Chilean Unit
(AMorenoF@koandina.com)

Each such notice or other communication shall be deemed given, delivered and received upon its actual receipt, except that if it is sent by mail in accordance with this Section, then it shall be deemed given, delivered and received three (3) calendar days after confirmed delivery to such carrier. Any party to this Agreement may give a notice of a change of its address to the other party to this Agreement.

41. Further Assurances. Each party to this Agreement will execute all instruments and documents and take all actions as may be reasonably required to effectuate this Agreement.

42. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

43. Confidentiality. During the Term, each party shall maintain in strict confidence all commercial information disclosed by the other party (which obligation shall expressly survive termination of this Agreement for any reason); provided, however that such commercial information shall not include any information which (a) is in the public domain except through any intentional or negligent actor omission of the non-disclosing party (or any agent, employee, shareholder, director, officer, or independent contractor of or retained by such other party or any of its Affiliates), (b) can be shown by clear and convincing tangible evidence to have been in the possession of the non-disclosing party prior to disclosure by the disclosing party, (e) is legally and properly provided to the non-disclosing party without restriction by an independent third party that is under no obligation of confidentiality to the disclosing party and that did not obtain such information in any illegal or improper manner or otherwise in violation of any agreement with the disclosing party, (d) is disclosed without any restrictions of any kind by the disclosing party to third parties on a regular basis without any measures being taken, whether explicitly or implicitly, by the disclosing party to protect the confidentiality of such information, or (e) is independently generated by any employee or independent contractor of or retained by the nondisclosing party, and such employee or independent contractor has no knowledge of any of such commercial information. Notwithstanding the foregoing, the parties agree that any such commercial information may be disclosed as required by applicable Jaw or an order by a Governmental Entity or any requirements of stock market or exchange or other regulatory body having competent jurisdiction; provided, that, except where prohibited by law, the recipient will give the disclosing party reasonable advance notice of such required disclosure, and will reasonably cooperate with the disclosing part y, in order to allow the disclosing party an opportunity to oppose, or limit the disclosure of such commercial information or otherwise secure confidential treatment of such commercial information required to be

disclosed; provided, further, that if disclosure is ultimately required, the recipient will furnish only that portion of such commercial information which, based upon advice of legal counsel, the recipient is required to disclose in compliance with any such requirement. The obligation of confidentiality set forth herein shall continue and be maintained for a period of three (3) years after termination of this Agreement, provided further that any Confidential Information constituting a trade secret under applicable law shall continue to remain subject to the obligations of this Section 43 and other applicable provisions of this Agreement for as long as such information remains a trade secret.

44. Non-Binding Negotiations and Effectiveness. MEC and Distributor acknowledge and agree that, except as expressly stated in this Agreement, there are no binding obligations or commitments existing between MEC and Distributor. No course of conduct, whether or not consistent with the terms discussed in connection with this Agreement, shall have the effect of converting any negotiations or discussions into a binding contract. No legally binding contract shall exist between MEC and Distributor unless and until this Agreement is executed by MEC and Distributor. This Agreement shall only become effective when it has been executed by both MEC and Distributor.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

MONSTER ENERGY COMPANY

By: ______________________________
Name: Rodney Sacks
Its: Chairman and CEO

EMBOTELLADORA ANDINA S.A.

By: ______________________________
Name: José Luis Solorzano Hurtado
Its: General Manager

EMBOTELLADORA ANDINA S.A.

By: ______________________________
Name: Andrés Wainer Pollack
Its: CFO Corporate

EXHIBIT A

International Distribution Agreement

INITIAL PRODUCT LIST

Monster Energy

Lo-Carb Monster Energy

Monster Ripper Energy + Juice

Monster Energy Ultra

EXHIBIT B

International Distribution Agreement

THE TERRITORY

The same territory in Chile that Distributor is authorized to exclusively service by KO for Coca Cola branded products. The parties agree that the following territory description is Distributor's representation to MEC of Distributor's exclusive territory for Coca-Cola branded products in Chile, but which description shall be subject to verification by MEC following the Commencement Date. Additionally, Distributor and MEC agree to work together in good faith as soon as possible following execution of this Agreement to provide territory maps for Distributor's exclusive territory which will when agreed be attached hereto as Exhibit B-1.

Región Metropolitana, Provincia de San Antonio (V Región), Provincia de Cachapoal (VI Región), Coquimbo, Copiapó, Vallenar, Ovalle, Illapel, Antofagasta, Tocopilla, Tal-Tal, Calama, Puerto Natales, Coyhaique y Punta Arenas.

In the event of a dispute with respect to territorial boundaries between two adjacent parties, MEC shall have the right to decide such dispute in its sole discretion, and any such decision shall be final and binding upon the parties.

EXHIBIT B-1

International Distribution Agreement

[TERRITORY MAP TO COME AS SOON AS PRACTICAL FOLLOWING THE COMMENCEMENT DATE]

EXHIBIT C

International Distribution Agreement

EXCLUSIVE DISTRIBUTOR ACCOUNTS

All Accounts Other than Exclusive MEC Accounts

EXCLUSIVE MEC ACCOUNTS

U.S. Military ONLY AAFES, NEXCOM, MCX, and USCG for Exchanges/Shopettes/Convenience Stores/Class 6 Stores/vending for Outside the Continental United States ("OCONUS")

U.S. Military - Vending and M01·ale, Welfare & Recreation (i.e. including but not limited to bowling alleys, golf courses, officers clubs, etc.) for OCONUS

U.S. Military - all others including, but not limited to, DeCA, Ships-A-Float, Troop Feeding for OCONUS

EXHIBIT D

International Distribution Agreement

<u>THE TRADEMARKS</u>

MONSTER ENERGY

MONSTER

MONSTER

MONSTER ENERGY

UNLEASH THE BEAST

MONSTER LO CARB

MONSTER RIPPER

MONSTER EXPORT

EXHIBIT E

International Distribution Agreement

PROMOTIONAL ACTIVITIES COSTS

Discount and allowances, price promotions and other customer discount activities ("D&A"):

(a) MEC Led Customer Calls: Distributor shall contribute an amount equal to MEC's contribution for D&A (including listing fees), on a 50-50 basis for all Products sold at a discounted price by Distributor to Distributor's Accounts, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(b) Distributor Led Customer Calls: MEC shall contribute an amount equal to Distributor's contribution for D&A (including listing fees), on a 50-50 basis, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(c) Payment & Reconciliation. The frequency of all customer promotional discount programs requiring D&A shall be agreed in the Annual Business Plan. D&A may be paid by either MEC or Distributor to the customer and reconciled periodically.

Trade Marketing Programs including shelf buys. CMA's, free cases, coupons, corporate/retailer rebates. POS and Product Displays (all materials), in store sampling activities, third party reset fees, meeting competition price offers ("TMP")

With respect to MEC Led Customer Calls and Distributor Led Customer Calls, the Distributor shall contribute an amount equal to MEC's contribution on all TMP programs, provided such amount does not exceed the TMP investment agreed and set forth in the Annual Business Plan. The term "TMP programs" shall include such additional TMP programs as may be mutually agreed upon fi-om time to time by the parties. Either party may voluntarily agree to contribute more than its equal share to cover any specific TMP programs. TMP may be paid by either MEC or Distributor to the customer and reconciled periodically.

Equipment.

Distributor shall use commercially reasonable efforts to place Products m all Distributor's equipment where appropriate and desi red by Distributor's Accounts.

With respect to all agreed joint Equipment purchases, which agreements shall be in writing, each party shall reimburse the other for 50% of the cost of equipment that the other party shall purchase for the Territory in the future pursuant to such agreement and which shall be managed by Distributor.

Miscellaneous.

lf MEC calls on or assists Distributor in calling on Distributor's Accounts, to the extent that MEC makes a commitment for funds or support in excess of what is provided above or was agreed to by Distributor and MEC, any such excess shall be borne by MEC.

The parties' respective rights and obligations under this Exhibit E shall be revised and amended from time to time to reflect then-prevailing conditions by written agreement of the parties to be arrived at after good faith discussions and negotiation. If the parties are unable to agree upon an amendment requested by either party, such disagreement shall be resolved pursuant to the Deadlock procedures under Section 12(a)(i)(O) of the Agreement.

All amounts and all contributions provided above shall be adjusted, upward or downward, from time to time to account for inflation, changes in selling prices or other adjustments that may occur from time to time, or to conform to prevailing beverage industry practices relating to the Energy Drink category. The amounts of such adjustments shall be mutually agreed in writing by the parties from time to time; provided that such adjustments shall be arrived at after good faith discussions and negotiations between the parties.

EXHIBIT F

International Distribution Agreement

<u>MMM ACCOUNTS-MEC DIRECT VOLUME</u>

To be calculated by MEC as soon as practical following the Commencement Date and to be the number of cases sold directly by MEC to outlets in the Territory during the twelve (12) month period prior to the Commencement Date, but only with respect to that portion of the Territory, if any, (as defined in this Agreement) which was not pa11ofDistributor's "Territory" under one or more distribution agreements in existence between MEC and Distributor prior to the Effective Date (the "Prior Agreements"). In the event that this Agreement is amended to include additional "Territory" following the Commencement Date, the number of cases set forth above shall be increased accordingly, but only with respect to such additional "Territory." For the avoidance of doubt, the number of cases set forth above shall (a) on ly apply to the calculation and payment of the fees payable by MEC to Distributor in accordance with Section 14(c) solely with respect to any new Territory allocated to Distributor pursuant to this Agreement with effect from or after the Effective Date which was not part of Distributor's "Territory" under the Prior Agreements (the "New Territory") and (b) not include the aggregate number of cases of Products sold by MEC to outlets in the Territory that was part of Distributor's "Territory" under the Prior Agreements.

For outlets which are part of Distributor's New Territory, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for the number of cases of Products sold directly by MEC to such outlets, less the number of cases of Products set forth above.

For outlets which were part of Distributor's "Territory" under the Prior Agreements, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for all cases of Products sold directly by MEC to such outlets, without reference to, or subtracting, the number of cases of Products set forth above.

EXHIBIT 8.1

LIST OF SUBSIDIARIES

Subsidiaries	Jurisdiction
Embotelladora Andina Chile S.A.	Chile
Andina Inversiones Societarias S.A.	Chile
Andina Bottling Investments Dos S.A.	Chile
Andina Bottling Investments S.A.	Chile
Red de Transportes Comerciales Ltda.	Chile
Servicios Multivending Ltda.	Chile
Transportes Andina Refrescos Ltda.	Chile
Vital Jugos S.A.	Chile
Vital Aguas S.A.	Chile
Transportes Polar S.A.	Chile
Envases Central S.A.	Chile
Inversiones Los Andes S.A.	Chile
Rio de Janeiro Refrescos Ltda.	Brazil
Embotelladora del Atlántico S.A.	Argentina
Andina Empaques Argentina S.A.	Argentina
Paraguay Refrescos S.A.	Paraguay
Abisa Corp.	British Virgin Islands
Aconcagua Investment Ltd.	British Virgin Islands

EXHIBIT 12.1

CERTIFICATION

I, Miguel Ángel Peirano, certify that:

1. I have reviewed this annual report on Form 20-F of Embotelladora Andina S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 28, 2017

/s/ Miguel Ángel Peirano

Miguel Ángel Peirano
Chief Executive Officer

EXHIBIT 12.2

CERTIFICATION

I, Andrés Wainer, certify that:

1. I have reviewed this annual report on Form 20-F of Embotelladora Andina S.A.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 28, 2017

/s/ Andrés Wainer
Andrés Wainer
Chief Financial Officer

EXHIBIT 13.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Embotelladora Andina S.A (the "Company") on Form 20-F for the fiscal year ended December 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Miguel Ángel Peirano, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/MIGUEL ÁNGEL PEIRANO
Miguel Ángel Peirano
Chief Executive Officer
Embotelladora Andina S.A.
Dated: April 28, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 13.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Embotelladora Andina S.A. (the "Company") on Form 20-F for the fiscal year ended December 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Andrés Wainer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANDRÉS WAINER
Andrés Wainer
Chief Financial Officer
Embotelladora Andina S.A.
Dated: April 28, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 15.1

April 26, 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Embotelladora Andina S.A. (copy attached), which we understand will be filed with the Securities and Exchange Commission, pursuant to Item 16 F of Form 20-F, as part of the Annual Report on Form 20-F of Embotelladora Andina S.A. for the year ended December 31, 2016. We agree with the statements concerning our Firm in such Form 20-F.

Very truly yours,

/s/ PricewaterhouseCoopers

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Pursuant to the Chilean Corporations Act, the Company is obliged to elect on an annual basis its principal accountant. The election takes place at the annual shareholders´ meeting. The audit committee and the directors committee independently submitted to the board of directors their proposal for the election of the principal accountant for fiscal year 2017. The board of directors´ at its meeting held on March 28, 2017 agreed to propose to the annual shareholders´ meeting of April 26, 2017 three candidates: EY Servicios Profesionales de Auditoría y Asesorías SpA. was proposed in first place, and PricewaterhouseCoopers Consultores Auditores SpA ("PwC Chile"), in second place and KPMG Auditores Consultores Ltda ("KPMG"), in third place.

At the referred annual shareholders´ meeting held April 26, 2017, EY Servicios Profesionales de Auditoría y Asesorías SpA. was elected as principal accountant for the fiscal year 2017. As a consequence, PwC Chile was dismissed as our independent registered public accounting firm on April 26, 2017. Such dismissal becomes effective upon completion by PwC Chile of its procedures on the financial statements of Embotelladora Andina S.A. as of and for the year ended December 31, 2016 and the filing of the related Form 20-F.

The reports of PwC Chile on the financial statements for the fiscal years ended December 31, 2016 and 2015 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal years ended December 31, 2016 and 2015 and the subsequent interim period through April 26, 2017, there have been no disagreements with PwC Chile on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PwC Chile would have caused them to make reference thereto in their reports on the financial statements for such years.

During the fiscal years ended December 31, 2016 and 2015 and the subsequent interim period through April 26, 2017, there have been no reportable events (as defined in Item 16F (a)(1)(v) of Form 20-F).

The Registrant has requested that PwC Chile furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of such letter, dated April 26, 2017, is filed as Exhibit 15.1 to this Form 20-F.