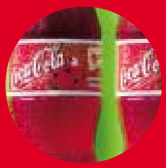

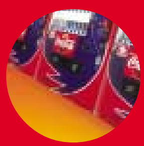

Putting new fizz into...

Annual Review 2001　Year ended December 31, 2001

Coca-Cola West Japan Company, Limited

Profile

On July 1, 1999, Sanyo Coca-Cola Bottling Co., Ltd. and Kita Kyushu Coca-Cola Bottling Co., Ltd. merged to form Coca-Cola West Japan Company, Limited (CCWJ). At the inception of the new company, The Coca-Cola Company took an equity interest in CCWJ and the company started business as the first Coca-Cola Anchor Bottler in Japan.

As an Anchor Bottler and strategic partner of The Coca-Cola Company, CCWJ plays a central role in promoting Coca-Cola's business in Japan.

January 1999:	Merger announced
July 1999:	Coca-Cola West Japan Company, Limited established
August 2000:	Joint project launched with Kinki Coca-Cola Bottling Co., Ltd.
April 2001:	Mikasa Coca-Cola Bottling Co., Ltd. becomes a subsidiary of CCWJ, the sole Anchor Bottler in Japan

January 1999

July 1999

August 2000

April 2001

What is an Anchor Bottler?

An Anchor Bottler has an important strategic relationship with The Coca-Cola Company, including an equity relationship and shared goals. The Anchor Bottler deploys sophisticated financial and management capabilities in franchises that cover a large territory through its position as a strategic partner of The Coca-Cola Company.

As an important strategic partner in Asia, CCWJ will play a role in The Coca-Cola Company's global strategy by investing in other Coca-Cola bottlers located in the Asia-Pacific region when chances arise.

Only 10 Anchor Bottlers in the world

- Coca-Cola West Japan Company, Limited (CCWJ)
- Coca-Cola Enterprises (CCE)
- Coca-Cola Amatil (CCA)
- Coca-Cola HBC (CCHBC)
- Coca-Cola EAG (CCEAG)
- Coca-Cola Femsa (Femsa)
- Panamerican Beverages (Panamco)
- Coca-Cola Sabco (Sabco)
- Swire Beverages (Swire)
- Coca-Cola Nordic Beverages (CCNB)

Consolidated Financial Highlights

Years ended December 31

(Millions of Yen)

	1997	1998	1999	2000	**2001**
Net sales	115,408	117,991	164,731	207,827	**226,111**
Operating income	10,737	12,533	15,160	17,449	**16,634**
Recurring profit	11,054	12,510	15,889	18,516	**16,021**
Recurring profit margin (%)	9.6	10.6	9.6	8.9	**7.1**
Net income	5,428	5,872	6,823	5,700	**1,420**
Earnings per share (¥)	124.27	122.20	113.67	77.82	**17.62**
Return on sales (%)	4.7	5.0	4.1	2.7	**0.6**
Total assets	98,445	102,278	182,316	181,637	**202,713**
Total shareholders' equity	82,807	87,298	154,395	157,604	**157,129**
Shareholders' equity ratio (%)	84.1	85.4	84.7	86.8	**77.5**
Shareholders' equity per share (¥)	1,895.49	1,816.64	2,107.74	2,151.52	**1,950.06**
Return on equity (%)	6.7	6.9	5.6	3.7	**0.9**
Cash flows	11,686	12,552	17,319	20,175	**15,067**
Capital expenditures	7,186	6,670	14,937	14,634	**11,355**
Depreciation	6,258	6,680	10,496	14,475	**13,647**

Notes: 1. Earnings per share in 1997: The Company announced a 1 to 1.1 stock split effective February 20, 1997. However, earnings per share is computed assuming the stock split to have been effected at the beginning of the term.
2. Earnings per share in 1998: The Company announced a 1 to 1.1 stock split effective February 20, 1998. However, earnings per share is computed assuming the stock split to have been effected at the beginning of the term.
3. Earnings per share in 2001: The Company announced a 1 to 1.1 stock split effective February 20, 2001. However, earnings per share is computed assuming the stock split to have been effected at the beginning of the term.
4. Figures before and including 1998 are those of the former Kita Kyushu Coca-Cola Bottling Co., Ltd.
5. Cash flows = Net income + Depreciation

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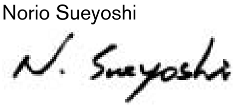
Representative Director
President & CEO
Norio Sueyoshi



Operating Results

In fiscal 2001, ended December 31, 2001, we entered the second year of our Medium-term Management Plan that we launched in fiscal 2000. Coca-Cola West Japan (CCWJ) faced a challenging operating environment due to the protracted downturn in the Japanese economy, rising bankruptcies of large firms in the distribution and retail industry and lower prices in the beverage industry resulting from increasingly fierce competition. During the year we moved steadily toward realizing our mission to become "A Strong Anchor Bottler and a Strong Company." This included the creation of bottling subsidiary, Mikasa Coca-Cola Bottling Co., Ltd.

In fiscal 2001, consolidated net sales increased 8.8% year on year to ¥226.1 billion, while operating income declined 4.7% to ¥16.6 billion. Recurring profit declined 13.5% to ¥16.0 billion compared to the previous fiscal year. Net income declined 75.1% to ¥1.4 billion mainly as a result of an extraordinary loss from the amortization of net transitional obligation arising from adoption of new accounting standards for retirement benefits.

Medium-term Management

Aiming to create corporate value, CCWJ has established its goal to be "A Strong Anchor Bottler and a Strong Company," as a key stance in the Company's Medium-term Management Plan. To realize this goal, it has also established the following basic strategies:

1. Transform into an Anchor Bottler
2. Create a competitive advantage
3. Build a solid management infrastructure.

Transformation Into an Anchor Bottler

As a part of the first basic strategy, we made Mikasa Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary in April 2001. This brought us significant advantages as an Anchor Bottler, including the franchising of non-tea product. CCWJ is also involved in joint projects with Kinki Coca-Cola Bottling Co., Ltd., in which we have built an extensive cooperative bottling system, through the acquisition of Mikasa Coca-Cola Bottling, that spans from Shiga Prefecture in the east to Nagasaki Prefecture in the west, to include Osaka and Kyoto and a total of 12 prefectures.

In December 2001, we established a joint procurement and purchasing system for Western Japan, as a part of our efforts to promote collaboration with other bottlers, and began building a supply chain management system covering all of Western Japan.

Creating a Competitive Advantage

Through a more selective and focused marketing strategy, we have further increased our presence as a market leader, and achieved growth in both sales volume and market share for our four main brands–Coca-Cola, Georgia, Aquarius and Sokenbicha. At CCWJ, we recognize the need to create a new organizational system by which we can deliver cost competitiveness and greater excellence through a diverse range of new products and packaging, and transformed marketing channels. This is also aimed at ensuring that we conquer the challenging conditions in the beverage market such as falling prices resulting from the protracted slump.

Building a Solid Management Infrastructure

In January 2001, we installed a SAP system, an integrated business management software package, as our core management system. With this system, we have taken a practical step toward value-based management centered on Active Based Costing. Already, other bottlers are promoting the introduction of basic systems such as the one installed by CCWJ. Based on our system, we are promoting the standardization of the information systems of Coca-Cola throughout Japan.

Restructuring the Group to Expand and Enhance Efficiency

Based on our goal to be “A Strong Anchor Bottler and a Strong Company,” we are striving to become a company capable of overcoming adversity, increasing earnings and sustaining growth under any economic conditions. In April 2002, we merged two wholly owned regional marketing subsidiaries into CCWJ and promoted the strengthening of marketing and management efficiency to create a solid foundation for growth and expansion. In our manufacturing operations we aim to be a low-cost producer; second to none in quality. Accordingly, on April 1, 2002, we established Coca-Cola West Japan Products Co., Ltd. as a manufacturing company, transferring all our manufacturing operations to the new entity. In addition, to monitor efficiency in a single unified system, we will bring together areas such as our logistics and vending machine sales and services subsidiaries, which operate in the same fields of business, on July 1, 2002.

Through these business reforms, we can inspire a new vitality in marketing, which is our greatest strength. CCWJ’s management philosophy under our corporate creed, “**Our Total Happiness**,” promotes the concept that we can build a better company by making our product at lower cost, even if only for one yen less, and by selling one bottle more, earning an extra yen.

On March 1, 2002, I became Representative Director, and President and CEO of the Company. Also, we began operating under a new management system. Although the operating environment remains challenging, we are firmly committed to establishing an unshakable management foundation.

We are grateful to all our shareholders for their cooperation and understanding, and look forward to their continued support in the future.

June 2002

Representative Director
President & CEO

Norio Sueyoshi

N. Sueyoshi

Putting new fizz into... MARKETING

Diversifying and continually changing to deliver new products that meet customers' emerging needs. Coca-Cola's marketing power gives rise to new products by closely following customer lifestyles.

Renewed Vigor:
— Marketing —

MARKETING

CCWJ's greatest strength is its regional marketing and sales capabilities. To fulfill the mandate to become, "A Strong Anchor Bottler and a Strong Company," and retain an advantage over our competitors in any economic conditions, we must concentrate on injecting renewed vitality into our marketing capabilities. For this reason, CCWJ integrated its management strategy planning functions and marketing functions by merging with two regional marketing companies: SANYO COCA-COLA SALES CO., LTD. and KITA KYUSHU COCA-COLA SALES CO., LTD. With an enhanced market pipeline and a streamlined decision-making process that resulted from bringing these three companies together, CCWJ has created a comprehensive marketing system capable of rapid strategic response and planning.

CCWJ's two main marketing channels are chain stores such as supermarkets and convenience stores, an impressive area of growth, and vending machines, which generate a large proportion of CCWJ's earnings. To strengthen these channels, new general affairs departments for each channel were established within the marketing department. As a means of boosting sales volumes and market share in each channel, two supermarket-marketing offices were established, focusing on specialist areas. Meanwhile, convenience stores are an extremely important channel for maintaining close contact with consumers. By further strengthening our affiliation with regional head offices, CCWJ is aggressively launching products and developing promotions in this area. Another key element of the Company's sales network is vending machines. CCWJ has integrated the operations of four companies, SANYO CANTEEN CO., LTD., KITA KYUSHU CANTEEN CO., LTD., KITA KYUSHU COCA-COLA VENDING CO., LTD. and FV Nishi-Nihon Co., Ltd. As a result, CCWJ's comprehensive services and marketing capabilities have been boosted further.

Putting new fizz into... BRANDS

Coca-Cola was formed in 1886 in Atlanta, Georgia, U.S.A. In the space of only 10 years, Americans had developed a close relationship with the product. It wasn't long before Coca-Cola's reach stretched beyond U.S. shores and spread throughout the world. Based on the philosophy, "Anytime, anywhere, anyone – the best quality at a reasonable price," this brand came within the reach of customers throughout the world.

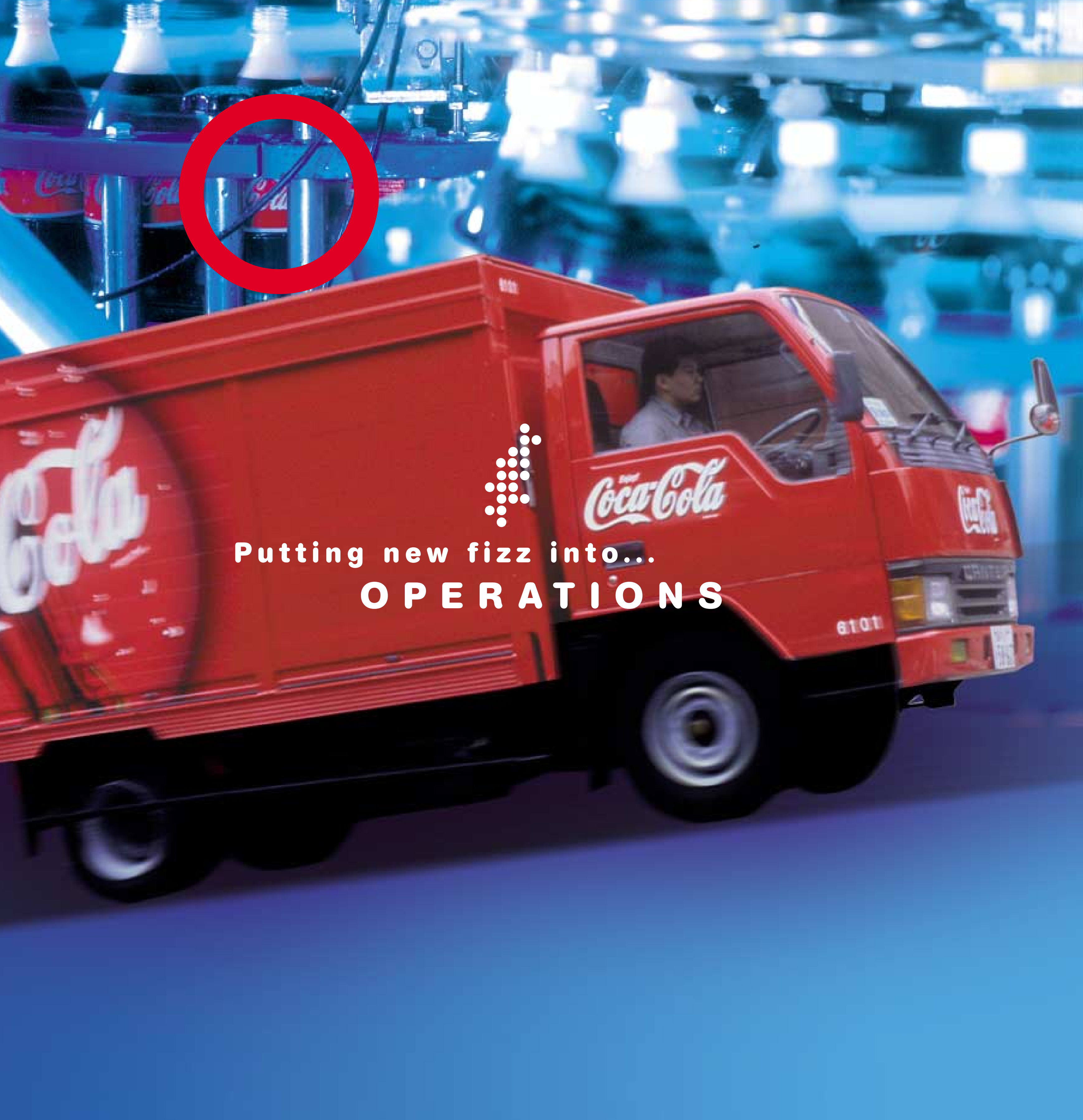
Renewed Vigor:
— Brands —

BRANDS

CCWJ is bolstering its four main brands–Coca-Cola, Georgia, Sokenbicha and Aquarius. Recently, to keep pace with diversifying consumer tastes, CCWJ has been shifting from cans to PET bottles, and has developed smaller PET bottles and aluminum bottle-can containers. Using a range of innovative ideas, the Company is working to strengthen its brands to respond to customer needs.

One example of these efforts is the roll out of a 280ml can for carbonated beverages. This smaller can was launched in response to the needs of some customers who had found the normal 350ml can for carbonated beverages too large. The 280ml can, which can be purchased conveniently with a single ¥100 coin, was a major hit in fiscal 2001. In the carbonated beverages segment, widely seen in the industry to offer limited opportunity for growth, the smaller can was the key to an impressive surge in sales volume.

In tandem with these efforts to diversify packaging, CCWJ implemented a brand strengthening strategy using a wide range of promotional campaigns. The theme in fiscal 2001 was “No Reason.” Retaining this theme in fiscal 2002, CCWJ will strengthen the Coca-Cola brand using the 2002 FIFA World Cup as a major opportunity to enhance visibility. The Georgia brand’s “Tomorrow is Another Day” campaign was carried over to the year under review. CCWJ will continue to strengthen the brand’s position as the number-one canned coffee. The Company renewed its content and packaging for Sokenbicha, aiming to increase sales further. As with Coca-Cola, CCWJ will strengthen the Aquarius brand through marketing campaigns based on the 2002 FIFA World Cup and the introduction of bottle-can packaging. In addition, CCWJ is strengthening and expanding its sugar-free tea brands by revamping packaging and developing a new television advertising campaign for the steady Marocha brand. These moves and the launch of the Chaho, Love Body and other brands will further help to boost brand power.



Putting new fizz into... OPERATIONS

Ingredients are crucial to ensuring product quality. Our ingredients cover a diverse range, including the water source, sugar and carbon dioxide gas, as well as other ingredients used in flavorings, juice, coffee and tea. CCWJ selects only the best of these. More than anything, the water source is crucial. With an eye to meeting common global standards for the same delicious flavor, anywhere, anytime, CCWJ ensures water quality meets the set standards for production.

OPERATIONS

Renewed Vigor:
— Building a System to Ensure Optimum Product Quality —

To accomplish the Company's ambition to become, "A Strong Anchor Bottler, and a Strong Company," with a competitive advantage over our rivals, CCWJ must build a system that carries out efficient procurement, production and logistics support, and maintains optimum product quality. In order to reach this goal, the Company is promoting common procurement arrangements with Coca-Cola Beverage Service and other Coca-Cola bottlers.

As for production, the Company is determined to outstrip its competitors and become the lowest cost producer in the industry; unbeatable in quality. Transforming our manufacturing division into a specialist-manufacturing subsidiary, Coca-Coca West Japan Products will provide the means of achieving this.

In logistics, CCWJ integrated two companies responsible for the Company's transport operations, SAWAYAKA SERVICE CO., LTD. and LOGICOM JAPAN CO., LTD. The Company also enlarged its vending machine business, with Coca-Cola West Japan Vending Co., Ltd. expanding into five prefectures in the Chugoku region. This move went hand in hand with further efforts to strengthen vending machine-related services through the integration of two companies handling business in this area, Sanyo Customer Service Co., Ltd. and Kyushu Jihanki Service Co., Ltd.

CCWJ established a procurement and supply system for Western Japan through cooperation with Western Japan Bottler, and has begun promoting optimal procurement, production and logistics operations. Through these activities, CCWJ is building a system that endeavors to make products at lower cost, even if for only one yen less.

Putting new fizz into...
HUMAN RESOURCES

- **Taking advantage of its position as an Anchor Bottler, CCWJ, together with Coca-Cola Japan, formed the Coca-Cola West Japan University, for the purpose of nurturing personnel to support the Coca-Cola business in the future.**

Renewed Vigor:
— Human Resources —

HUMAN RESOURCES

One of the main management resources necessary to complete CCWJ's aim to be "A Strong Anchor Bottler and a Strong Company," is people. Regardless of the excellence of business and management strategies, policies cannot be implemented without suitable human resources. Taking advantage of its position as an Anchor Bottler, CCWJ, together with Coca-Cola Japan, established a specialist human resource training organization, Coca-Cola West Japan University, to nurture personnel that can support the Coca-Cola business in the future. Representative Director, President and CEO, Norio Sueyoshi, is in charge of the organization, committed to ensuring the success of the University.

CCWJ also runs a range of training programs that target personnel at all levels in the Company. The scope of these programs is not restricted to marketing departments; they are designed to foster a strong sales force throughout the company. CCWJ is also endeavouring to build a company that steadily cultivates necessary human resources to raise production, sales and earnings, based on a structure that views personnel as key assets.

《Making a Meaningful Contribution to Society》

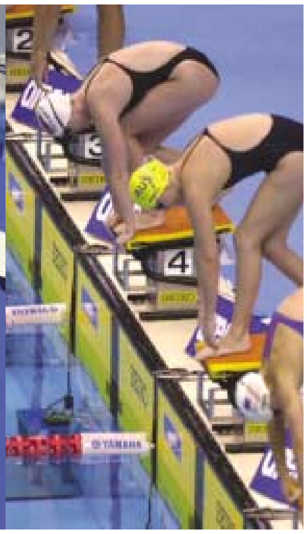
CCWJ makes every effort to be a good corporate citizen that always thinks and acts from a social standpoint. Consequently, the Company is developing a range of activities and measures that contribute to regional society and the environment.

We allocate a fixed portion of revenue every year to fund ongoing social and environmental activities. This is made possible through the understanding and support of our shareholders.

Contributions to Regional Society

～Fundamental Stance～ Together With Society

CCWJ supports the healthy development of the young, strives for close relationships with communities and takes on a supporting role for community welfare, sporting activities, cultural activities, and community events.



Social Welfare Services

Donation of educational materials to special schools.

Sports Activities

Donations of unicycles to elementary schools
Sawayaka Rugby Clinic
Sawayaka Youth Rugby Tournament
Sawayaka Youth Soccer Tournament
Coca-Cola West Japan Youth Soccer Tournament

Cultural Activities

Coca-Coca West Japan Family Musical
Sawayaka Classic Concert
Sawayaka Concert

Regional Events

The 9th FINA World Swimming Championships–Fukuoka 2001
Japan Expo Yamaguchi 2001
Japan Expo Kitakyushu 2001

Other

Japan Inter-High School Sports Meet
Japan Youth Soccer Tournament
H.I.H. Prince Takamado Trophy All Japan Inter-Middle School English Oratorical Contest

An Industry Leader on Environmental Issues

CCWJ promotes its business activities based on being a responsible corporate citizen and respecting human, social and environmental harmony. The Company recognizes that it owes a debt of gratitude to its customers and society. It repays this debt through efforts to beautify and preserve the environment and recycle waste. All CCWJ's employees take responsibility for the environment in their workplaces and contribute to building a rich society.

— Activities—

- **Offering safe, environmentally friendly products and services**
- **Working to reduce waste and save energy by promoting recycling activities**
- **Developing an environmentally friendly procurement stance, including the reuse of resources**
- **Vigorously developing regional environmental activities**
- **Using training programs to raise environmental awareness**

Offering safe, environmentally friendly products and services

Accredited with ISO 14001 certification

Three of the Company's production plants, Hongo, Tosu and Kiyama and the Company's headquarters have attained the international standard for environmental management, ISO 14001.

Working to reduce waste and save energy by promoting recycling activities

Introduction of the Eco Car

To reduce carbon dioxide emissions from vehicle exhaust gases, CCWJ has introduced hybrid vehicles and vehicles that run on natural gas.

Eco Recycling Stations Established

In the Company's main business locations, CCWJ has established Eco Recycling Stations to separate and recycle used bottles and cans.

Developing an environmentally friendly procurement stance, including the reuse of resources

Promoting the purchase of green products

Each of the Company's departments is aggressively promoting product recycling, with a particular focus on products made from recycled PET bottles.

Vigorously developing regional environmental activities

Floating Island Biotopes

As a part of CCWJ's environmental activities, the Company has created floating island biotopes, or artificial islands of plants and flowers, in ponds and lakes of parks. This creates an environment for plants, insects and small animals to thrive, and provides a pleasant backdrop for people to relax. CCWJ has donated these biotopes to Kitakyushu City, Amagi City, Kurume City, Munakata City, Hiroshima City and Ojima in Okayama Prefecture.

Using training programs to raise environmental awareness

Coca-Cola Ecology School

Based on the expert guidance of natural environment education specialists, this school runs programs to instill in our employees a sense of the importance of nature. This is done by promoting a deep understanding of nature and encouraging employees to experience the enjoyment of coexisting with nature. In addition to contributing to environmental preservation in regional communities, these activities foster exchange between people in the areas near our facilities and provide a better understanding of the Company as an organization in tune with the community.

Management

(As of March 1, 2002)

Representative Director
Chairman
Hisashi Kubo

Director &
Adviser
Kunio Sugaya

Representative Director
President & CEO
Norio Sueyoshi*

Director
Vice President
Yasumasa Niimi*

Director &
Adviser
Kenichi Ikebe

Director
Hiroshi Hamada

Director
Tadashi Teshima

Director
Roi Suzuki

Director
Yusuke Inoue

Directors

Representative Director	Hisashi Kubo	*Chairman*
Director	Kunio Sugaya	*Adviser*
Representative Director	Norio Sueyoshi	*President & CEO**
Director	Yasumasa Niimi	*Vice President**
Director	Kenichi Ikebe	*Adviser*
Director	Hiroshi Hamada	*Ricoh Company, Ltd. Chairman and Chief Executive Officer*
Director	Tadashi Teshima	*Nichiei Corp. Adviser*
Director	Roi Suzuki	*Coca-Cola Japan Company, Ltd. Representative Director & Executive Vice President*
Director	Yusuke Inoue	*The Fukuoka City Bank, Ltd. Deputy President*

*Note: * Executive Corporate Officer*

Auditors

Executive Corporate Auditor	Tadao Fujino	
Executive Corporate Auditor	Kounosuke Hamada	
Auditor	Tatsuo Hirakawa	*Ricoh Company, Ltd. Deputy President*
Auditor	Syuujirou Naka	*The Fukuoka City Bank, Ltd. Executive Adviser*

Executive Officers

President & CEO	Norio Sueyoshi	
Executive Vice President	Yasumasa Niimi	*Chief Financial Officer*
Executive Vice President	Haruhiro Nishiyama	*Chief Marketing Officer*
Executive Corporate Officer	Kouichi Morii	*Chainstore Sales Dept. Manager*
Executive Corporate Officer	Masazumi Gotoh	*Chief Production Officer*
Senior Corporate Officer	Hijiri Morita	*Sales Planning Dept. Manager*
Senior Corporate Officer	Nobuo Shibata	*General Affairs and Human Resource Dept. Manager*
Senior Corporate Officer	Junji Katsura	*Assistant Chief Marketing Officer Special Assignment*
Senior Corporate Officer	Tadatsugu Harada	*Business Systems Division Manager*
Senior Corporate Officer	Yuji Yamasaki	*Assistant Chief Marketing Officer Special Assignment*
Senior Corporate Officer	Yukio Sako	*Vending Business Dept. Manager*
Corporate Officer	Sohtaroh Akatsuka	*Sales Planning Dept. Business Operation Dept. Manager*
Corporate Officer	Ryuji Nakagawa	*Human Resource Dept. Manager*
Corporate Officer	Masayuki Yamasaki	*Subsidiary Management Dept. Manager*
Corporate Officer	Masuo Miyake	*Sales Manager Saga, Nagasaki District*
Corporate Officer	Tatsuhiko Ike	*Sales Manager, Territory Wide Operation*
Corporate Officer	Toshinori Seto	*Partnership Dept. Manager*
Corporate Officer	Hayao Ogawa	*Sales Manager Okayama District*
Corporate Officer	Masami Nomiyama	*Sales Manager Hiroshima District*

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Sales Volume

The following analysis of CCWJ's sales volume covers the Company's sales areas in Sanyo and Kita Kyushu.

Total sales volume for fiscal 2001, ended December 31, 2001, increased 3.0% or 2,539,000 cases to 88,178,000 cases reflecting a concerted marketing drive focusing on key brands such as Coca Cola and Georgia.

Sales Volume by Product Category—Non-carbonated beverages climbed 3.1% on the back of spectacular growth for the newly introduced Marocha, which rose 40.7%, or 1,175,000 cases, to 4,065,000 cases. Carbonated beverages grew at an even faster pace. Sales of carbonated beverages rose 4.5% or 700,000 cases to 16,278,000, where the main brands all recorded year-on-year increases. Coca-Cola rose 9.1%; Fanta, 3.6%; and Sprite, 15.7%.

Sales Volume by Brand—Two brands accounted for more than 82% of the 16,278,000 cases of carbonated beverages sold–Coca Cola, 57.8% and Fanta, 25%. The combined figure for these two brands increased 4 percentage points on the previous year. In non-carbonated beverages, Georgia canned coffee accounted for approximately 50% of the 55,497,000 cases of non-carbonated beverages sold during the year, while Sokenbicha lost ground to the new Marocha, its share slipping from 13.4% to 12.2%. Sales of Aquarius fared well, representing 12.0% of sales volume, followed by Marocha, which climbed 2 percentage points from 5.3% to 7.3%, Kochakaden 4.5%, and Qoo 4.5%.

In fiscal 2001, CCWJ introduced 75 new products, including existing products in new packaging formats. Sales volumes of these new products increased 54.4% year on year, or 6,927,000 cases, to 19,653,000 cases.

(Thousand cases)

		Fiscal 2000	**Fiscal 2001**
Carbonated Beverages	Coca-Cola	8,277	**9,404**
	Fanta	3,932	**4,077**
	Other	3,369	**2,797**
	Total	15,578	**16,278**
Non-Carbonated Beverages	Georgia	26,584	**26,998**
	Aquarius	6,325	**6,656**
	Sokenbicha	7,207	**6,759**
	Japanese Teas (Nagomi and Marocha)	2,890	**4,065**
	Kochakaden	3,016	**2,523**
	Qoo and Hi-C	2,750	**2,490**
	Other	5,033	**6,006**
	Total	53,805	**55,497**
Other		16,257	**16,404**
Total		85,639	**88,178**

Sales Volume by Packaging—CCWJ accelerated its shift from cans to PET bottles in fiscal 2001. Cans accounted for 49.6% of sale volume, down 2.9 percentage points year on year. PET bottles increased 2.3 percentage points to 27.5%. In addition, CCWJ promoted bottle-can sales as new products. Although bottle-can sales still only account for 0.4% of sales volume, or 373,000 cases, the Company expects sales to increase in the future in line with growing consumer demand. Sales of new 280ml Coca-Cola cans helped to slow the decline in can sales, resulting in only a slight decline in can sales overall.

(Thousand cases)

	Fiscal 2000	**Fiscal 2001**
Bottles	2,303	**2,701**
PET bottles	21,618	**24,267**
Cans	44,996	**43,749**
Other	16,722	**17,461**
Total	85,639	**88,178**

Sales Volume by Sales Channel—In an effort to respond to changes in the market, in fiscal 2001, CCWJ developed separate sales strategies for each of its sales channels. This entailed aggressively expanding sales in the convenience store, supermarket and vending machine channels. These efforts paid off with increased sales volumes in these three channels that compensated for declines in sales volume from food and beverage stores.

Food and beverage stores, traditionally a core channel, slipped 7.0%, or 1,610,000 cases, to 21,389,000 cases. Sales to supermarkets recorded a double-digit rise for the second straight year, climbing 12.4%, or 1,700,000 cases, to 15,403,000 cases. Sales to convenience stores rose 4.6%, or 381,000 cases, to 8,738,000 cases. Vending machine sales volume increased 6.2%, or 1,458,000 cases, to 24,951,000 cases. Sales per vending machine recovered to the previous year's level due to the introduction of the 280ml can for carbonated beverages and sales of new products such as Marocha.

(Thousand cases)

	Fiscal 2000	**Fiscal 2001**
Food and beverage stores	22,999	**21,389**
Supermarkets	13,703	**15,403**
Convenience stores	8,357	**8,738**
Vending machines	23,493	**24,951**
Dispensers	6,722	**7,146**
Other	10,366	**10,551**
Total	85,640	**88,178**

Overview of Fiscal 2001 Operating Results

Net sales for fiscal 2001 increased ¥18.3 billion, or 8.8%, to ¥226.1 billion, while operating income declined ¥0.8 billion, or 4.7%, to ¥16.6 billion. Recurring profit declined ¥2.5 billion, or 13.5%, to ¥16.0 billion, reflecting equity in losses of affiliates.

In Other Businesses, such as transport and vending machine maintenance, CCWJ worked to win new clients and reduce costs by raising efficiency. As a result, sales including intersegment sales, rose ¥2.4 billion, or 14.6%, to ¥18.7 billion, and operating income increased ¥0.5 billion, or 95.2%, to ¥1.0 billion.

Extraordinary Losses and Net Income

CCWJ booked extraordinary income of ¥10.3 billion. This was primarily due to a gain of ¥9.7 billion on the securities contribution to an employee retirement benefit trust. Extraordinary losses totaled ¥24.2 billion. The main components were the amortization of a net transitional obligation of approximately ¥20.0 billion arising from the adoption of new accounting standards for retirement benefits, early retirement program expenses of ¥2.8 billion, and a write down of investment securities of ¥0.8 billion due to the introduction of market value accounting. Income before income taxes, minority interests and other adjustments declined 79.2% to ¥2.1 billion. Net income declined 75.1% to ¥1.4 billion. Accordingly, net income per share declined 77.4% to ¥17.62.

Dividend per share for fiscal 2001 was ¥34 per share. This included a year-end dividend of ¥18 per share, ¥2 higher than last year, and an interim dividend of ¥16 per share. The dividend payout ratio exceeded 100% due to the dramatic decline in net income. However, the decline in earnings in fiscal 2001 was largely attributable to non-recurring factors. Accordingly, CCWJ's policy of returning profits to shareholders will remain in place.

Financial Position

Total assets stood at ¥202.7 billion as of December 31, 2001, up ¥21.0 billion from a year earlier. Although trade notes and accounts receivable increased by approximately ¥2.0 billion, and inventories by around ¥3.0 billion, current assets fell ¥22.2 billion to ¥72.3 billion, due mainly to a decline of ¥26.0 billion resulting from a transfer of marketable securities to investment securities in accordance with the adoption of new accounting standards for financial instruments. Total fixed assets increased by ¥43.3 billion to ¥130.4 billion. This mainly reflected an increase of approximately ¥11.0 billion due to the consolidation of Mikasa Coca-Cola Bottling Co., Ltd., and transfers from current assets to investment securities, leading to a rise of ¥25.5 billion, to ¥30.0 billion.

Total current liabilities increased by ¥5.8 billion to ¥25.6 billion, due to an increase in notes and accounts payable and other accounts payable. This reflected an increase in notes and accounts payable and other accounts payable along with the consolidation of Mikasa Coca-Cola Bottling Co., Ltd. Total long-term liabilities increased ¥8.2 billion to ¥12.4 billion. The main component was the provision of a ¥6.8 billion allowance for employees' retirement benefits. Total shareholders' equity declined slightly to ¥157.1 billion compared with the previous year, due to a drop in consolidated retained earnings. As a result, the shareholders' equity ratio fell 9.3 percentage points from 86.8% to 77.5%, and equity per share dropped about 10% from ¥2,151 to ¥1,950.

Cash Flows

Cash and cash equivalents at the end of the year was ¥37.7 billion, an increase of ¥6.6 compared with fiscal 2000. This mainly reflected a sharp increase in operating revenues, which offset cash used to acquire fixed assets and shares in subsidiaries.

Operating activities provided net cash of ¥24.7 billion, an increase of 52.6% year on year on a consolidated basis. This mainly reflected a significant increase in operating revenues.

Investing activities used net cash of ¥15.0 billion, an increase of 61.2% year on year on a consolidated basis. The main components were the acquisition of shares to bring Mikasa Coca-Cola Bottling Co., Ltd. under the scope of consolidation, capital investments to bolster 500ml PET bottle capacity at the Hongo Plant, and payments for the purchase of vending machines.

Financing activities used net cash of ¥3.1 billion, an increase of 15.0% year on year on a consolidated basis. The main use of cash was dividend payments.

Consolidated Balance Sheets

As of December 31, 2000 and 2001

ASSETS	Millions of Yen 2000	2001
Current assets:		
Cash and deposits	24,634	23,863
Trade notes and accounts receivable (Note 1)	10,296	12,172
Marketable securities	40,680	14,648
Inventories	9,681	12,776
Deferred tax assets	1,344	1,678
Other current assets	8,021	7,388
Allowance for doubtful accounts	(125)	(178)
Total current assets	**94,534**	**72,348**
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (Note 2)	17,664	19,212
Machinery, equipment and vehicles (Note 2)	12,065	12,674
Sales equipment	18,668	17,270
Land (Note 2)	27,788	36,662
Construction in progress	41	1,339
Other property, plant and equipment	1,013	1,131
Total property, plant and equipment	**77,241**	**88,290**
Intangible assets:		
Goodwill on consolidation	–	1,861
Other intangible assets	2,064	3,718
Total intangible assets	**2,064**	**5,580**
Investments and other assets:		
Investment securities (Note 3)	4,458	30,002
Deferred tax assets	1,132	4,100
Other assets	2,206	2,512
Allowance for doubtful accounts	–	(120)
Total investments and other assets	**7,797**	**36,494**
Total fixed assets	**87,103**	**130,364**
Total assets	**181,637**	**202,713**

LIABILITIES	Millions of Yen 2000	2001
Current liabilities:		
Notes and accounts payable (Note 1)	6,422	8,093
Short-term borrowings (Note 2)	1,216	806
Current portion of long-term debt (Note 2)	49	384
Accrued income taxes	2,540	3,671
Other accounts payable	4,438	6,558
Notes payable for equipment (Note 1)	1,260	1,138
Other current liabilities	3,847	4,952
Total current liabilities	**19,775**	**25,605**
Long-term liabilities:		
Convertible bonds	2,154	2,154
Long-term debt (Note 2)	62	21
Deferred tax liabilities	–	1,784
Liabilities for retirement benefits	370	–
Allowance for employees' retirement benefits	–	6,783
Liabilities for directors' and corporate auditors' retirement benefits	622	490
Other long-term liabilities	995	1,186
Total long-term liabilities	**4,204**	**12,419**
Total liabilities	**23,979**	**38,025**
MINORITY INTERESTS		
Minority interests	**53**	**7,558**
SHAREHOLDERS' EQUITY		
Common stock	**15,231**	**15,231**
Additional paid-in capital	**29,687**	**29,687**
Retained earnings	**112,685**	**111,586**
Net unrealized gains on other marketable securities	**–**	**628**
	157,605	157,133
Treasury stock (at cost)	**0**	**(4)**
Total shareholders' equity	**157,604**	**157,129**
Total liabilities, minority interests and shareholders' equity	**181,637**	**202,713**

Consolidated Statements of Income

Years ended December 31, 2000 and 2001

	Millions of Yen	
	2000	2001
Net sales	**207,827**	**226,111**
Cost of sales	**110,876**	**122,504**
Gross profit	96,951	103,607
Selling, general and administrative expenses (Note 1)	**79,501**	**86,973**
Operating income	**17,449**	**16,634**
Non-operating income	**2,140**	**1,342**
Interest income	460	398
Dividends	161	80
Gain on sales of marketable securities	432	–
Property rental income	290	304
Reversal of guarantee deposits for containers	267	–
Other non-operating income	528	558
Non-operating expenses	**1,074**	**1,954**
Interest expense	44	43
Equity in losses of affiliates	–	1,004
Loss on revaluation of marketable securities	148	–
Loss on disposal of property, plant and equipment	383	293
Property rental costs	226	271
Other non-operating expenses	272	341
Recurring profit	**18,516**	**16,021**
Extraordinary income	**1,093**	**10,351**
Gain on sales of property, plant and equipment (Note 2)	–	605
Gain on sales of investment securities	1,093	6
Gain on securities contribution to employee retirement benefit trust	–	9,739
Extraordinary losses	**9,312**	**24,234**
Loss on sales of property, plant and equipment (Note 3)	–	77
Loss on sales of investment securities	–	50
Loss from earthquake damage	–	23
Expenses for early retirement program	5,151	2,811
Special contribution to retirement pension fund	1,479	–
Write-down of investment securities	896	667
Loss on the closure of business premises	1,326	–
Loss on disposals of property, plant and equipment	263	201
Write-down of golf club memberships	195	137
Amortization of net transitional obligation arising from adoption of new accounting standards for retirement benefits	–	19,930
Loss on securities contribution to employee retirement benefit trust	–	332
Income before income taxes, minority interests and other adjustments	10,297	2,138
Income taxes	5,183	6,021
Income tax deferred	(591)	(4,601)
Minority Interests	3	(702)
Net Income	5,700	1,420

Consolidated Statements of Retained Earnings

Years ended December 31, 2000 and 2001

	Millions of Yen	
	2000	2001
Balance of consolidated retained earnings, beginning of the year	**109,480**	**112,685**
Decrease in consolidated retained earnings:		
Cash dividends declared	2,417	2,461
Bonuses to directors	78	58
Net income	**5,700**	**1,420**
Balance of consolidated retained earnings, end of year	**112,685**	**111,586**

Consolidated Statements of Cash Flows

Years ended December 31, 2000 and 2001

	Millions of Yen	
	2000	2001
Cash flows from operating activities:		
Income before income taxes, minority interest and other adjustments	10,297	2,138
Depreciation and amortization	14,475	13,647
Write-off of consolidation adjustment account	–	199
Increase (decrease) in liabilities for retirement benefits and directors' and corporate auditors' retirement benefits	205	(269)
Increase in liabilities for retirement benefits	–	5,293
Interest and dividend income	(621)	(479)
Interest expense	44	43
Expenses for early retirement program	5,151	2,811
Equity in losses of affiliates	–	1,004
Gain (loss) on sales of marketable and investment securities	(1,526)	188
Write-down of marketable and investment securities	1,044	667
Loss on sales of fixed assets	–	(524)
Loss on disposals of fixed assets	646	426
Loss on the closure of business premises	1,326	–
Investment securities contribution to employee retirement benefit trust	–	4,038
Decrease in accounts receivable	3	234
Decrease in inventories	363	33
Decrease (increase) in other assets	(1,742)	2,276
Increase (decrease) in accounts payable	(454)	281
Increase (decrease) in other liabilities	(628)	14
Payment of directors' bonuses	(78)	(58)
Other, net	206	143
Subtotal	28,715	32,111
Interest and dividends received	601	542
Interest paid	(44)	(43)
Expenses for early retirement program	(5,099)	(2,863)
Income taxes paid	(7,944)	(4,984)
Net cash provided by operating activities	16,228	24,763
Cash flows from investing activities:		
Acquisition of marketable and investment securities	(4,397)	(2,132)
Proceeds from sales of marketable and investment securities	2,676	2,509
Acquisition of fixed assets	(14,634)	(11,254)
Proceeds from sales of fixed assets	43	1,886
Acquisition of subsidiaries' shares	–	(6,689)
Increase in loans to affiliates	–	(3,555)
Proceeds from collection of loans to affiliates	–	650
Increase in time deposits	(6,077)	0
Proceeds from refund of time deposits	13,279	3,562
Other, net	(201)	16
Net cash used in investing activities	(9,310)	(15,007)
Cash flows from financing activities:		
Decrease in short-term borrowings	(179)	(416)
Repayment of long-term debt	(122)	(184)
Dividends paid	(2,417)	(2,461)
Other, net	0	(64)
Net cash used in financing activities	(2,719)	(3,126)
Net increase in cash and cash equivalents	**4,199**	**6,629**
Cash and cash equivalents, beginning of year	**26,873**	**31,072**
Cash and cash equivalents, end of year	**31,072**	**37,702**

Basis of Consolidated Financial Statements and Summary of Significant Accounting Policies

(For the consolidated fiscal year under review only)

1. Scope of Consolidation

Number of consolidated subsidiaries: 19

For details on consolidated subsidiaries, see the section on "Corporate Data."

On April 5, 2001, the Company acquired more than 51% of the outstanding stock of Mikasa Coca-Cola Bottling Co., Ltd. With this acquisition, Mikasa Coca-Cola Bottling Co., Ltd., and three of its subsidiaries Mikasa Logistics Co., Ltd., Mikasa Service Co., Ltd. and Sanyo Kosakusho Limited, were included in the Company's scope of consolidation. For the purpose of preparing consolidated financial accounts however, the effective date of acquisition was deemed June 30, 2001. Accordingly, the consolidated results of Mikasa Coca-Cola Bottling prior to this date have not been included in the Company's consolidated results.

In addition, on November 12, 2001 and December 25, 2001, the Company acquired shares in Acona Vending Co., Ltd. and FV West Co., Ltd., respectively. Both acquisitions are included in the Company's scope of consolidation from the fiscal year under review.

2. Application of the Equity Method

Number of affiliated companies accounted for by the equity method: 1

For details on affiliated companies accounted for by the equity method, see the section on "Corporate Data."

On May 2, 2001, the Company acquired shares in FV West Japan Co., Ltd., which was accounted for by the equity method. On December 26, 2001, however, the Company sold all of its shares in FV West Japan Co., Ltd. excluding this company from the Company's equity-method affiliates.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal years of consolidated subsidiaries, except for TakaMasamune Co., Ltd., end on December 31. Financial statements of Taka-Masamune Co., Ltd., which has a September 30 year-end, were used for the preparation of consolidated financial statements in accordance with Article 12 of the Regulations of Financial Statements, since the difference between balance sheet dates is less than three months.

Effective from the year under review, the fiscal year-end of Sanyo Kosakusho Co., Ltd. has been changed from May 31 to December 31.

4. Accounting Policies

(1) Valuation of certain material assets

a. Marketable securities

(a) Marketable securities held to maturity

Marketable securities held to maturity are stated at amortized cost using the straight-line method.

(b) Other marketable securities

Listed marketable securities are stated at market value, determined by the market price as of December 31, 2001 and other factors, with net unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving-average method.

Non-listed marketable securities are stated at cost determined by the moving-average method.

b. Inventories

(a) Merchandise and work-in-progress goods

Primarily stated at cost determined by the gross average method.

(b) Finished Products and raw materials

Primarily stated at the lower of cost or market, cost being determined by the gross-average method.

(c) Supplies

Primarily stated at the lower of cost or market, cost being determined by the moving-average method.

Effective fiscal 2001, the Company and two other companies have changed the method of valuation for finished products and raw materials from the moving-average method to the gross-average method. The change in accounting policy has been implemented to standardize procurement costs and to establish a uniform method of valuation for principal inventories upon the Company's adoption of a new accounting system at the beginning of the year, to streamline administration. The effect of the change in the accounting policy was negligible.

(2) Depreciation and Amortization

a. Property, plant and equipment

Depreciation is computed by the declining-balance method mainly based on the following estimated useful lives:

Buildings and structures	3–60 years
Machinery, equipment and vehicles	3–17 years
Sales equipment	5–6 years

b. Intangible assets

Software costs are deferred and amortized over the estimated useful life (five years) using the straight-line method. Intangible assets, other than software, are amortized using the straight-line method.

(3) Allowances

a. Allowance for doubtful accounts

The allowance for doubtful accounts provides for possible losses arising from default on accounts and loans receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates, as permitted by the Corporation Tax Law of Japan.

b. Allowance for employees' retirement benefits

The Company provides for the accrued retirement benefits for employees on the basis of projected retirement benefit liabilities and pension assets at the fiscal-year balance sheet date. The Company resolved to write off a transitional obligation totaling ¥19,930 million arising from a change in accounting standards for retirement benefits in the fiscal year ended December 31, 2001. The Company has recorded this amount as an extraordinary loss for the fiscal year ended December 31, 2001.

Actuarial gain or loss is amortized by the straight-line method from the following fiscal year over a period of 10 years, which is within the average remaining years of service of employees, as incurred.

c. Allowance for directors' and corporate auditors' retirement benefits

The allowance for directors' and corporate auditors' retirement benefits represents the estimated amount of the liability at year-end that the Company would be required to pay in accordance with internal rules.

(4) Lease transactions

Finance leases, other than those that transfer ownership of the leased property, are accounted for as operating leases.

(5) Other significant accounting policies

a. Consumption taxes

Consumption taxes are accounted for by the exclusion method.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are valued at fair value.

6. Amortization of Goodwill on Consolidation

Goodwill on consolidation is amortized over five years using the straight-line method.

7. Appropriation of Retained Earnings

The consolidated statements of retained earnings are prepared based on the appropriation of retained earnings, which were approved at the annual shareholders' meeting within the consolidated fiscal year under review.

8. Cash and Cash Equivalents in Consolidated Statements of Cash Flows

For the purpose of the consolidated statements of cash flows, "Cash and cash equivalents" consist of cash on hand, deposits which can be withdrawn at any point without notice, and easily tradable short-term investments due within three months, with low market risk.

Reclassifications (For the consolidated fiscal year under review only)

(Consolidated Statements of Income)

1. Effective from the fiscal year ended December 31, 2001, "Gain on sales of marketable securities" stated in "Non-operating income" in prior periods has been reclassified into "Other non-operating income" since it represents less than 10% of total "Non-operating income." "Gains on sales of marketable securities" included in "Other non-operating income" in the fiscal year ended December 31, 2001 totaled ¥1 million.
2. Effective from the fiscal year ended December 31, 2001, "Reversal of guarantee deposits for containers" stated in "Non-operating income" in prior periods has been reclassified into "Other non-operating income" since it represents less than 10% of total "Non-operating income." "Reversal of container guarantee deposits" included in "Other non-operating income" in the fiscal year ended December 31, 2001 totaled ¥1 million.

Supplemental Information (For the consolidated fiscal year under review only)

(New Accounting Standards for Retirement Benefits)

Effective from the fiscal year ended December 31, 2001, the Company has applied the Opinion Concerning Accounting Standards for Retirement Benefits filed on June 16, 1998 by the Business Accounting Deliberation Council of Japan (BADC). As a result of this change, the Company's retirement allowance liabilities rose by ¥18,488 million. Operating income and recurring profit for the fiscal year each rose ¥42 million on the current method, while income before income taxes, minority interests and other adjustments fell ¥9,081 million.

The effect on business segments is recorded in the "Segment information" section.

(New Accounting Standards for Financial Instruments)
Effective from the fiscal year ended December 31, 2001, the Company has applied the Opinion on Accounting Standards for Financial Instruments issued by the BADC on January 22, 1999. The areas affected include the revaluation standard and method relating to marketable securities, accounting standard for allowance for doubtful accounts and the write-down of golf club memberships. The effect of the adoption of the new standard was to decrease operating income by ¥52 million, increase recurring profit by ¥156 million and decrease income before income taxes, minority interests and other adjustments by ¥567 million compared with the prior method.

Furthermore, the Company has reclassified held-to-maturity debt securities, debt securities recorded under "Other marketable securities" due within one year and other instruments equivalent to deposits as marketable securities, and the remaining balance as investment securities, after reviewing the holding purpose for instruments held at the start of the fiscal year. Due to this application, the balance of marketable securities listed under current assets at the start of the fiscal year fell ¥29,967 million, and investment securities increased by the same amount.

The effect on business segments is recorded in the "Segment information" section.

Notes (For the consolidated fiscal year under review only)

(Consolidated Balance Sheets)

*1 Accounting for notes due on balance sheet date

Notes due on the balance sheet date are processed upon collection.

Since the fiscal year-end was a bank holiday, the following amounts of notes due on the balance sheet date are included in notes receivable and notes payable accounts:

	(Millions of Yen)
Notes receivable	33
Notes payable	68
Notes payable (equipment)	7

*2 Pledged assets and collateral-backed liabilities

	(Millions of Yen)	
Pledged assets		
Buildings and structures	628	(166)
Machinery, equipment and vehicles	37	(37)
Land	1,508	(400)
Total	2,174	(604)
Collateral-backed liabilities		
Short-term borrowings	290	(—)
Current portion of long-term debt	254	(—)
Long-term debt	21	(—)
Total	565	(—)

The figures in brackets represent plant foundation mortgage and the applicable liability.

*3 Affiliated company stock

Investment securities	¥141 million

4 Contingent liabilities

The Company has provided guarantees in the amount of ¥197 million to financial and other institutions for the borrowings of related companies not included in the scope of consolidation.

5 Endorsed note receivable ¥16 million

ìConsolidated Statements of Income j

*1 Selling, general and administrative expenses in the accompanying consolidated statements of income consisted of the following:

	(Millions of Yen)
Employees' salaries	11,309
Sales commissions	14,602
Bonuses	6,295
Depreciation	9,573
Advertising and sales promotion expenses	6,695
Freight charges	6,401
Vending Machines	5,193
Allowance for directors' and corporate auditors' retirement benefits	79
Allowance for doubtful accounts	97

*2 Gain on sales of property, plant and equipment in the accompanying consolidated statements of income consisted of the following:

	(Millions of Yen)
Buildings and structures	1
Land	604
Total	605

*3 Loss on sales of property, plant and equipment in the accompanying consolidated statements of income consisted of the following:

	(Millions of Yen)
Machinery, equipment and vehicles	18
Land	59
Total	77

ìConsolidated Statements of Cash Flows)

1. Reconciliation of cash and cash equivalents on the consolidated balance sheets, as of the end of the fiscal year, to the consolidated statements of cash flows.

	(As of December 31, 2001) (Millions of Yen)
Cash and deposits	23,863
Marketable securities	14,648
Bank deposits with maturities longer than 3 months	(98)
Claims with maturities longer than 3 months	(710)
Cash and cash equivalents	37,702

2. Principal assets and liabilities of newly consolidated subsidiaries

(1) Mikasa Coca-Cola Bottling Co., Ltd. and its three subsidiaries

Details of assets, liabilities, acquisition and net acquisition cost of Mikasa Coca-Cola Bottling Co., Ltd. and its three subsidiaries on the date of the acquisition of shares were as follows:

	(Millions of Yen)
Current assets	10,306
Property, plant and equipment	14,642
Goodwill on consolidation	2,000
Current liabilities	(3,822)
Long-term liabilities	(4,156)
Minority interest	(8,266)
Equity in affiliated companies at the beginning of the fiscal year	(2)
Acquisition value of shares	10,701
Cash and cash equivalents of Mikasa Coca-Cola Bottling Co., Ltd. and its three subsidiaries	(3,483)
Net acquisition cost	7,218

(2) FV West Co., Ltd.
Details of assets, liabilities, acquisition and net acquisition cost of FV West Co., Ltd. as at the date of the acquisition of shares were as follows:

	(Millions of Yen)
Current assets	1,383
Property, plant and equipment	2,401
Goodwill	(16)
Current liabilities	(1,494)
Long-term liabilities	(2,218)
Acquisition value of shares	54
Cash and cash equivalents	(447)
Net acquisition cost	(392)

(3) Acona Vending Co., Ltd.
Details of assets, liabilities, acquisition and acquisition cost of Acona Vending Co., Ltd. as at the date of the acquisition of shares are as follows:

	(Millions of Yen)
Current assets	297
Property, plant and equipment	518
Goodwill on consolidation	78
Current liabilities	(610)
Long-term liabilities	(270)
Acquisition value of shares	14
Cash and cash equivalents	(150)
Net acquisition cost	(136)

iLease Transactions j
1. Finance leases, other than those that transfer ownership of the leased property to the lessee.
(1) Lessee
@The acquisition cost, accumulated depreciation, and net book values of leased assets at end of period.

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	1,098	493	605
Vending machines	10,513	6,079	4,433
Other tangible fixed assets	2,680	1,611	1,068
Total	14,292	8,184	6,107

AFuture minimum lease payments

	(Millions of Yen)
Due within one year	2,516
Due after one year	3,807
Total	6,324

BLease payments, depreciation and interest equivalents

	(Millions of Yen)
Lease payments	2,496
Depreciation	2,251
Interest equivalents	201

C Calculation method of depreciation
Acquisition cost (no residual value is recognized) is depreciated using the straight-line method over the life of the lease.

D Calculation method for interest
The difference between the total lease payment and the acquisition cost of the leased property is deemed to be the interest equivalent, and the allocation to each period is based on the interest method.

(2) Lessor
@The acquisition cost, accumulated depreciation, and net book value at end of period.

(Millions of Yen)

	Acquisition cost	Accumulated depreciation	Net book value
Other tangible fixed assets	45	38	6
Total	45	38	6

A Claims under finance leases

	(Millions of Yen)
Due within one year	5
Due after one year	2
Total	7

B Lease revenue, depreciation and interest revenue equivalents

	(Millions of Yen)
Lease revenue	11
Depreciation	8
Interest revenue	1

C Calculation method for interest revenue
The difference between the sum of total lease charges and the residual value, and the notional acquisition cost of the leased asset is deemed to be the imputed interest revenue, and the allocation to each period is based on the interest method.

iMarketable Securities j
Details regarding subsidiary and affiliated company shares with fair value for fiscal 2001 are recorded under the section “Marketable Securities.”

Marketable Securities
1. Debt securities with fair value

(Millions of Yen)

	Type of securities	Book value	Fair value	Unrealized gain (loss)
Securities with fair values exceeding their carrying values on consolidated balance sheets	JGBs, municipal bonds and others	559	611	52
	Corporate bonds	199	202	2
	Others	60	60	0
	Sub total	819	874	55
Securities with fair values below their carrying values on consolidated balance sheets	JGBs, municipal bonds and others	–	–	–
	Corporate bonds	100	98	(1)
	Others	–	–	–
	Sub total	100	98	(1)
Total		919	972	53

2. Other marketable securities with fair value

(Millions of Yen)

	Type of securities	Acquisition cost	Book value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition cost	Shares Bonds Others	1,199 18 25,165	2,226 19 25,353	1,027 1 187
	Sub total	26,382	27,599	1,217
Securities with carrying values below their acquisition cost	Shares Bonds Others	988 20 1,244	889 20 1,227	(99) 0 (16)
	Sub total	2,252	2,137	(115)
Total		28,635	29,737	1,101

Note: Acquisition cost represents the amount after write-down of valuation losses. The loss on revaluation for fiscal 2001 was ¥667 million.

3. Other marketable securities sold during fiscal 2001

(Millions of Yen)

Amount sold	Total profit on sales	Total loss on sales
15,347	9,746	502

Note: Details of the marketable securities contribution to employee retirement benefit trust included in the above figure are as follows:

Amount sold (employee retirement benefit trust) ¥13,445 million

Total gain on sales
(gain on securities contribution to employee retirement benefit trust) ¥9,739 million

Total loss on sales
(loss on securities contribution to employee retirement benefit trust) ¥332 million

4. Marketable securities without fair value

(Millions of Yen)

	Book value	Remarks
Debt securities held to maturity		
Discount bank debentures	199	
Other marketable securities		
Non-listed shares (excluding OTC shares)	551	
@Beneficiary certificates of money management funds	13,153	
@Beneficiary certificates of loan trusts	90	

5. Projected future redemption of securities with maturities and bonds held to maturity included in other marketable securities

(Millions of Yen)

	Within 1 year	1–5 years	5–10 years	10 years and over
Bonds:				
JGBs, municipal bonds and others	–	510	50	–
Corporate bonds	200	100	–	–
Others	200	100	–	–
Others	311	757	–	–
Total	711	1,467	50	–

iDerivatives j

Fiscal 2001 (January 1, 2001–December 31, 2001)

The Coca-Cola West Japan Group does not conduct any financial derivative transactions whatsoever.

iRetirement Benefits j

1. Employee retired benefit system

The Coca-Cola West Japan Group has a defined benefit pension system, which includes a welfare pension insurance fund and qualified retirement pension and a lump-sum retirement payment. In addition, cases arise where employees receive a premium severance payment upon retirement.

Kita Kyushu Coca-Cola Bottling Co., Ltd. and Sanyo Coca-Cola Bottling Co., Ltd. both maintain a combined welfare pension insurance fund. Each welfare pension fund is comprised of contributions from the company and employees, a basic portion of the public pension scheme administered through the company and a premium payment. The premium pension benefit amount is calculated based on the number of years of employment, the employee's salary at the time of retirement and other conditions.

The Company and 8 consolidated subsidiaries maintain qualified pension plans.

2. Retirement benefit obligations

	(Millions of Yen)
Projected benefit obligation	(64,630)
Pension fund assets	51,670
Unfunded benefit obligation	(12,960)
Unrecognized net (gain) or loss	6,177
Allowance for retirement benefits retirement benefits	(6,783)

Notes: 1. Includes public portion of welfare pension fund.

2. Certain subsidiaries use the simplified method in calculating the retirement benefit obligation.

3. Retirement benefit expenses

	(Millions of Yen)
Service cost (Notes 2, 3)	2,003
Interest cost	1,765
Expected return on assets	(1,579)
Amortization of net transitional obligation arising from adoption of new accounting standards for retirement benefits (Note 4)	19,930
Retirement benefit expenses	22,120

Notes: 1. In addition to the retirement benefit expense shown above, the Company made a premium severance payment of ¥2,811 million. This amount was recorded as an extraordinary loss on the Company's consolidated statement of income.

2. Excludes employee contributions to the welfare pension insurance fund.

3. Includes retirement benefit expenses for those consolidated subsidiaries using the simplified method.

4. The Company has established a retirement benefit trust from fiscal 2001 in accordance with the adoption of new accounting standards for retirement benefits. The Company recorded an amount of ¥13,445 million to liabilities for employees' retirement benefits at the beginning of the period, an amount equivalent to the market value of contributions to the trust fund.

4. Basis for calculation of retirement benefit obligation, etc.

Discount rate	3.0%
Expected rate of return	3.0–3.5%
Periodic allocation method for projected benefits	Straight-line standard
Years over which actuarial (gains) or losses are amortized	10 years commencing next consolidated fiscal term
Years over which net obligation existing at January 1, 2001	1 year

iDeferred Tax Accounting j

1. Significant components of deferred tax assets and liabilities

	(Millions of Yen)
Deferred tax assets:	
Unrealized profits	1,022
Accrued enterprise tax	310
Depreciation	513
Allowance for employees' retirement benefits	8,333
Write-down of investment securities	446
Operating loss carryforwards	531
Other deferred tax assets	1,334
Sub total	12,492
Valuation allowance	(87)
Total deferred tax assets	12,404
Deferred tax liabilities:	
Reserve for advanced depreciation deduction	(672)
Net unrealized loss on marketable securities	(458)
Net unrealized loss on revaluation of land	(3,133)
Gain on securities contribution to employee retirement benefit trust	(4,053)
Other deferred liabilities	(93)
Total deferred liabilities	(8,410)
Net deferred tax assets	3,993

2. The reconciliation of the differences between the statutory income tax rate and the effective income tax rate is as follows:

	(%)
Statutory income tax rate	41.6
(Adjustments)	
Entertainment, donations and other expenses	17.6
Dividends and other non-operating income	(1.2)
Amortization of goodwill	3.9
Other	4.5
Effective income tax rate (%)	66.4

(Segment Information)

1. Operating segment information

(Millions of Yen)

	Manufacturing and Marketing of Beverages & Foods	Other Businesses	Total	Eliminations & Corporate	Consolidated
I. Sales & Operating Income (Loss)					
Net sales:					
Sales to customers	221,598	4,513	226,111	–	226,111
Intersegment sales	7	14,214	14,221	(14,221)	–
Total	221,605	18,727	240,333	(14,221)	226,111
Operating expenses	200,740	17,761	218,502	(9,024)	209,477
Operating income	20,864	965	21,830	(5,196)	16,634
II. Identifiable assets, depreciation and capital expenditures					
Identifiable assets	134,227	6,577	140,805	61,907	202,713
Depreciation	12,746	359	13,105	542	13,647
Capital expenditures	10,817	550	11,367	(11)	11,355

Notes: 1.Operating segments are essentially identical to the principal product lines.

2. Principal product lines
   (1) Manufacturing and marketing of beverages & foods: Manufacturing and marketing of beverages, foods and liquors, food processing and meal supply services
   (2) Other businesses: Freight transportation, vending machine-related businesses, insurance agency, leasing, factoring, real estate-related businesses
3. Unallocated operating expenses included in the “Eliminations & Corporate” column total ¥5,217 million and represent mainly administrative expenses, such as administration division-related costs, at the Company.
4. Unallocated assets included in the “Eliminations & Corporate” column total ¥63,683 million. Principal components are excess funds under management at the parent company (cash on hand and in banks, and marketable securities), long-term investment funds (investment securities) and administration division-related assets.
5. Accounting policy changes
   (1) Retirement benefits
   As described in the “Supplemental Information” section, effective from the fiscal year ended December 31, 2001, the Company has changed its accounting standards for retirement benefits. As a result of this change, operating expenses for the Manufacturing and Marketing of Beverages & Foods segment decreased ¥58 million, rose ¥16 million for the Other Businesses segment, while operating income fell and rose for each segment by the same amount respectively.
   (2) Financial instruments
   As described in the “Supplemental Information” section, effective from the fiscal year ended December 31, 2001, the Company has changed its accounting standards for financial instruments. As a result of this change, operating expenses for the Manufacturing and Marketing of Beverages & Foods an Other Businesses segments increased ¥50 million and ¥2 million respectively, while operating income fell for each segment by the same amount.

2. Geographical segment information

Geographical segment information is excluded from disclosure since the Company did not have consolidated subsidiaries or offices outside Japan in the year ended December 31, 2001.

3. Overseas sales

There were no overseas sales in the year ended December 31, 2001.

iRelated-Party Transactions j

Directors and major individual shareholders

(Millions of Yen)

Related party	Name	Address	Paid-in capital or investment	Principal business or position	Controlling or controlled voting rights	Relationship	
						Joint Director	Actual relationship
Director	Roi Suzuki	–	–	Representative Director and Chairman Coca-Cola Beverage Services Co., Ltd.	–	–	–

Business relationship		Transaction amount	Item	Outstanding balances
Business transactions with Coca-Cola Services Co., Ltd.	Purchase of raw materials Consignment fees Purchase discounts Fees for use of SAP derivatives	20,569 118 750 365	Trade payables Accounts payable-other Accounts receivable-other	2,299 15 432

Notes: 1. Transaction amounts are exclusive of consumption tax. Outstanding balances are inclusive of consumption tax.
2. Terms and conditions of transactions
Purchase prices reflect prevailing market prices. Payment terms are agreed upon by negotiation.
3. The terms and conditions of transactions with Coca-Cola Beverage Services Co., Ltd. are the same as those of arms-length transactions.

iPer share data j

	(¥)
Shareholders' equity per share	1,950.06
Net income per share	17.62
Net income per share (diluted)	17.57

Note: On February 20, 2001, the Company conducted a 1:1.1 stock split applicable to the Company's common stock. Accordingly, the Company has calculated net income per share and diluted net income per share assuming that the stock split took place at the beginning of the fiscal year.

iSubsequent events j

1. Mikasa Coca-Cola Bottling Co., Ltd. Made into Wholly Owned Subsidiary Through Exchange of Stock

On October 17, 2001, at a meeting of the Board of Directors, the Company resolved to acquire more than 51% of the outstanding stock of consolidated subsidiary Mikasa Coca-Cola Bottling Co., Ltd. making it into a wholly owned subsidiary. Acquisition was by way of an exchange of common stock with the shareholders of Mikasa Coca-Cola Bottling Co., Ltd. on January 31, 2002. Details of the exchange were as follows.

(1) Type of shares
Common stock

(2) Number of shares issued
2,320,479

(3) Issue price and amount of included in shareholders' equity

	(¥)
Issue price (per share)	2,337
Amount of included in shareholders' equity (per share)	–

(4) Total issue amount and total capitalization

	(¥)
Total issue amount	5,423,994,301
Total capitalization	–

(5) Issue method
Every common stock share of Mikasa Coca-Cola Bottling Co., Ltd. was exchanged for 0.27 of the Company's common stock issued for the purpose of the exchange. The exchange of stock did not apply to the Company's existing holding in Mikasa Coca-Cola Bottling Co., Ltd. of 9,048,891 shares.

(6) Use of Funds Raised by Share Issue applicable.
N/A

a. Corporate bond schedule

Company	Issue	Issue Date	Outstanding balance as of previous fiscal year-end	Outstanding balance as of fiscal year-ended under review	Interest rate	Collateral	Redemption Date	Notes
			(Millions of Yen)	(Millions of Yen)	(%)			
Coca-Cola West Japan Co., Ltd.	1st unsecured convertible bond No. 2	June 30, 1994	2,154	2,154	0.9	–	June 30, 2003	Note: 1
Total			2,154	2,154				

Notes: 1. The conversion terms of the 1st unsecured convertible bonds No. 2 are as follows:

Shares to be issued on conversion:	Registered par value common share
Issue price (Conversion price):	¥2,351.20 per share
Exercise period:	From August 1, 1994 to June 27, 2003

2. Corporate bond repayment schedule for 5 years from the balance sheet date is as follows:

(Millions of Yen)

Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
|	2,154	|	|	|

b. Short-term borrowing and long-term debt

Item	Outstanding balance as of previous fiscal year-end	Outstanding balance as of fiscal year-ended under review	Average interest rate	Repayment period	Notes
	(Millions of Yen)	(Millions of Yen)	(%)		
Short-term borrowing	1,216	806	1.4	|	
Current portion of long-term debt	49	384	0.2	|	
Long-term debt (excluding current portion)	62	21	1.8	2003	
Other interest-bearing debt					
Accounts payable (within 1 year)	|	63	2.2	|	
Accounts payable (over 1 year)	|	309	2.2	2003–2007	
Total	1,328	1,585			

Notes: 1. Average interest rate: Weighted-average interest rate on outstanding balance at fiscal year-end is applied.
2. Long-term debt repayment schedule (excluding current portion) for 5 years from the balance sheet date as follows.

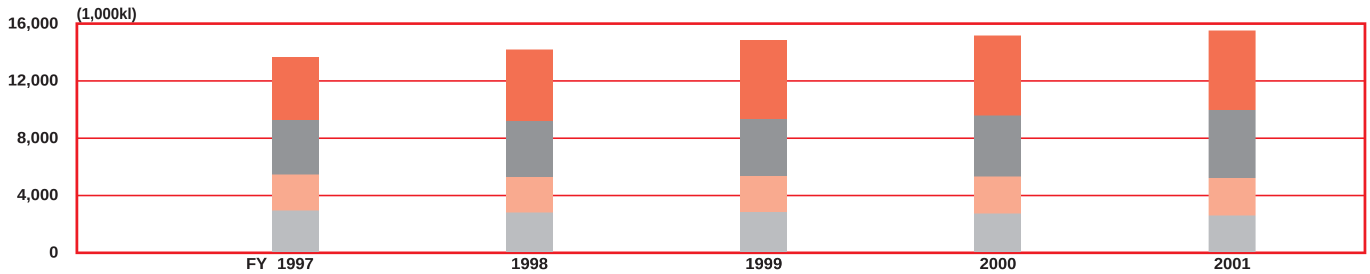
(Millions of Yen)

	1–2 years	2–3 years	3–4 years	4–5 years
Long-term debt	21	|	|	|
Other interest-bearing debt	66	69	72	75

(2) Other
N/A

Trends in Japan's Soft Drink Market

Overall Production Volume of Soft Drinks

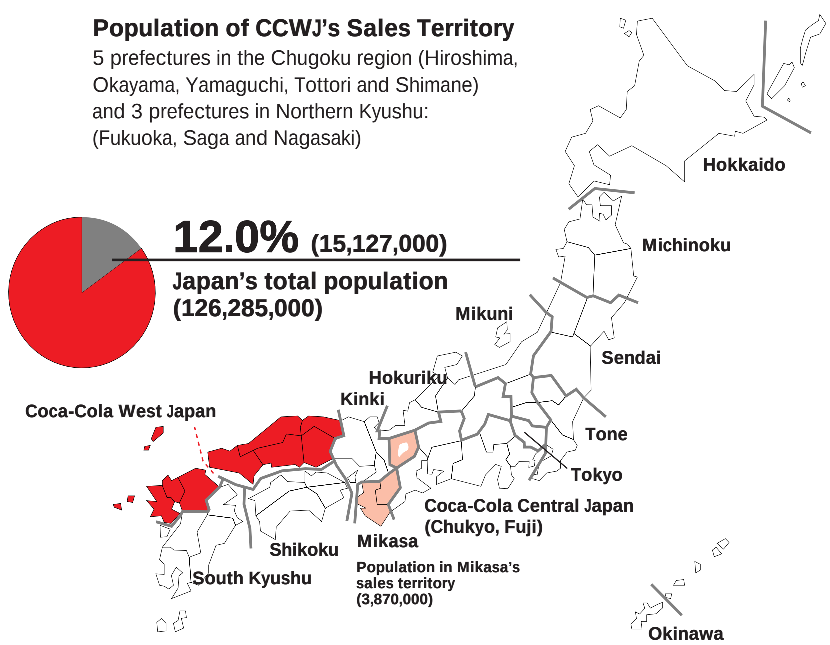


	FY 1997	1998	1999	2000	2001
Carbonated beverages	3,006	2,853	2,892	2,804	2,649
Coffee beverages	2,568	2,562	2,600	2,610	2,688
Tea beverages	3,876	3,990	4,057	4,380	4,828
Others	4,517	5,066	5,618	5,699	5,694
Total	13,967	14,471	15,167	15,493	15,859

Note: Tea beverages includes both green and black teas
Source: Japan Soft Drinks Association (Annual Statistic Report on Soft Drinks FY2001)

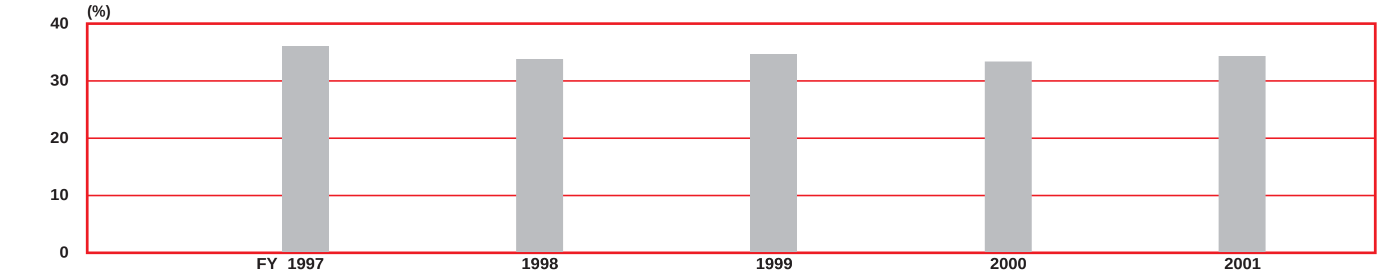
Japan's Coca-Cola Bottlers and CCWJ's Market

Coca-Cola Bottlers and Territories



Source: FY2001 Basic Resident Register
The Coca-Cola Group in Japan comprises 15 bottlers which are located throughout Japan. The companies are primarily engaged in the manufacturing and marketing of Coca-Cola, Sprite, Fanta, Georgia and other beverages using base materials provided by Coca-Cola (Japan) Co., Ltd., a wholly owned subsidiary of The Coca-Cola Company of the United States.

Coca-Cola West Japan's Share of the Soft Drink Market in its Sales Territory

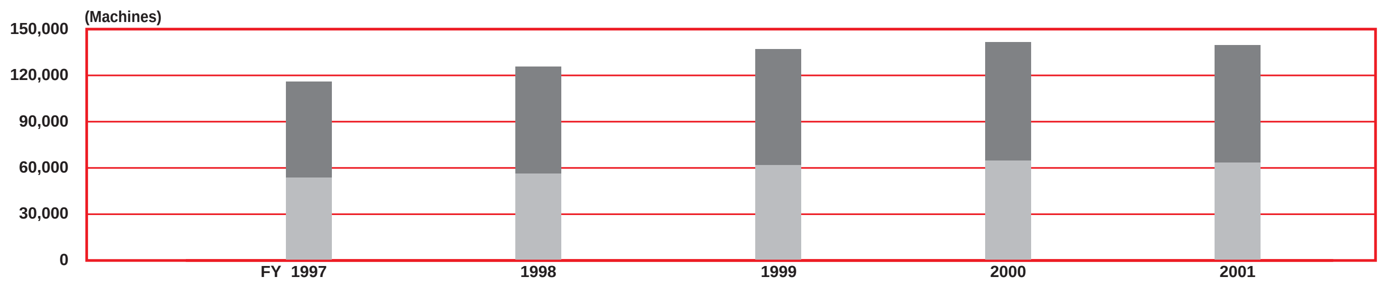


	FY 1997	1998	1999	2000	2001
Sanyo Region	30.1	27.2	27.9	26.9	27.7
Kita Kyushu Region	41.5	40.5	42.0	40.3	41.3
CCWJ Total	35.6	33.4	34.3	33.0	33.9

Source: Neilsen Co. of Japan Store Audit (FY2001)

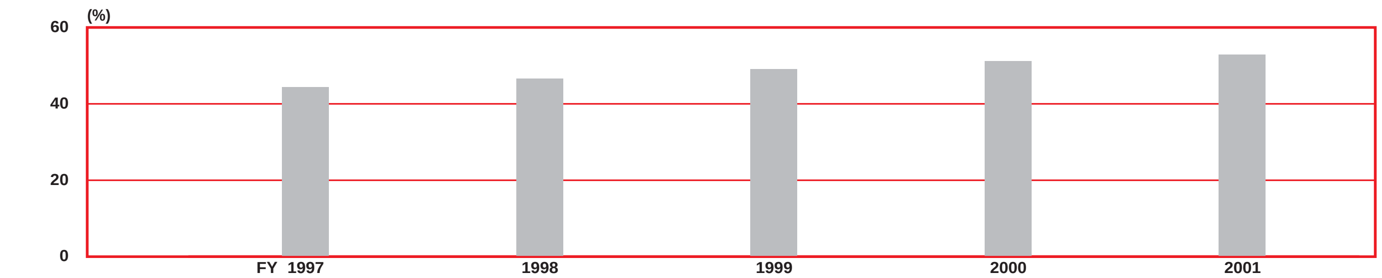
Vending Machines

Number of Vending Machines



	FY 1997	1998	1999	2000	2001
Sanyo Region	52,853	55,615	61,120	63,718	62,687
Kita Kyushu Region	61,610	68,533	74,086	75,935	75,297
CCWJ Total	114,463	124,148	135,206	139,653	137,984

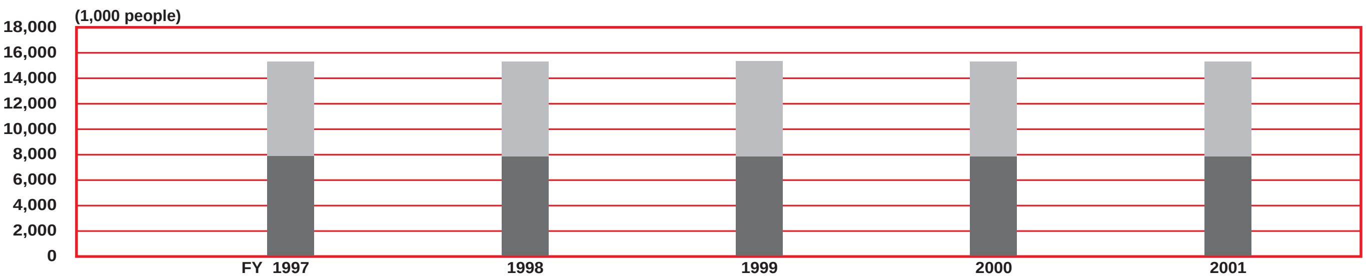
Share of Vending Machines



	FY 1997	1998	1999	2000	2001
Sanyo Region	36.5	39.8	42.1	44.7	46.3
Kita Kyushu Region	52.4	53.2	55.7	57.5	59.3
CCWJ Total	43.8	46.0	48.5	50.6	52.3

Source: Neilsen Co. of Japan Store Audit (FY2001)

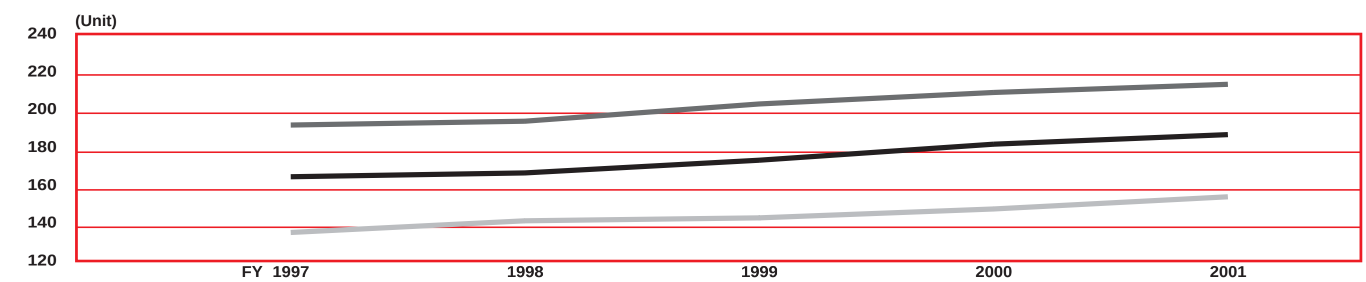
Population by CCWJ Territory



Distribution of Population by CCWJ Territory (1,000 people)	1997	1998	1999	2000	2001
Sanyo Region	7,765	7,762	7,760	7,748	7,738
@Okayama Prefecture	1,954	1,956	1,958	1,958	1,958
@Hiroshima Prefecture	2,873	2,875	2,876	2,874	2,872
@Yamaguchi Prefecture	1,548	1,544	1,540	1,534	1,529
@Tottori Prefecture	619	619	619	618	762
@Shimane Prefecture	771	768	766	764	617
Kita Kyushu Region	7,353	7,368	7,377	7,383	7,389
@Fukuoka Prefecture	4,920	4,940	4,955	4,968	4,979
@Saga Prefecture	886	885	884	884	883
@Nagasaki Prefecture	1,547	1,542	1,537	1,532	1,527
CCWJ Total	15,117	15,129	15,137	15,131	15,127

Source: FY2001 Basic Resident Register

Annual Per Capita Soft Drink Consumption

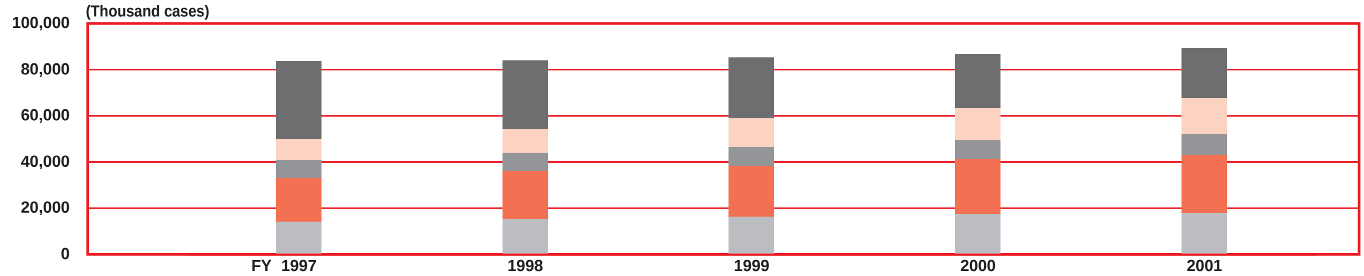


Annual Per Capita Soft Drink Consumption (Unit)	1997	1998	1999	2000	2001
Sanyo Region	139	141	148	154	159
Kita Kyushu Region	191	193	202	208	215
CCWJ Total	164	166	174	181	186

Note: Annual per capita consumption represents consumption by residents of CCWJ territories of products manufactured and/or sold by CCWJ.
One unit is 237ml.

Sales Trends

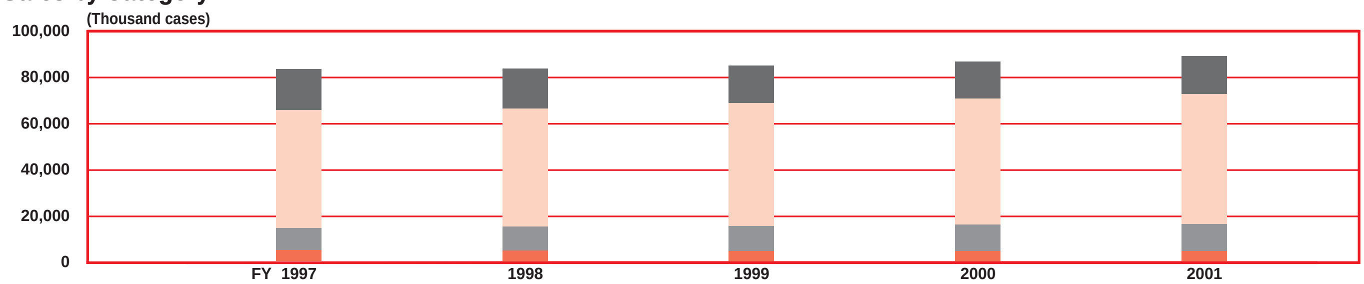
Sales by Channel



	FY 1997	1998	1999	2000	2001
Retail stores	33,236	29,414	25,875	22,999	21,389
Supermarkets	8,984	10,015	12,079	13,703	15,403
Convenience stores	7,719	7,887	8,508	8,357	8,738
Full service	18,871	20,481	21,532	23,493	24,951
Others	13,877	15,071	16,084	17,088	17,697
Total	82,687	82,868	84,078	85,639	88,178

Notes: 1. Full service refers to company-owned vending machines installed at business premises and leisure facilities.
CCWJ sales representatives stock machines with products manufactured, thereby directly selling products to consumers.
2. Data for sales in CCWJ's sales territory.

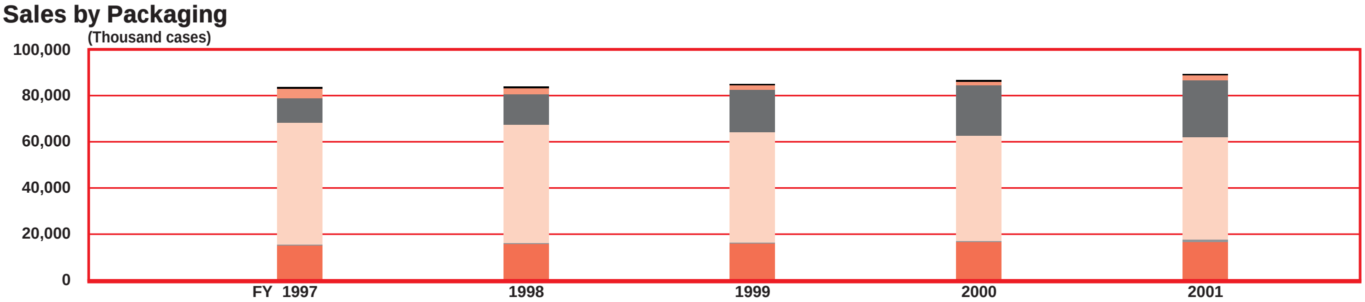
Sales by Category



	FY 1997	1998	1999	2000	2001
Carbonated beverages	17,581	17,146	15,965	15,578	16,278
Non-carbonated beverages	50,320	50,298	52,489	53,805	55,497
Syrups	9,526	10,351	10,605	11,216	11,582
Powders	4,735	4,575	4,480	4,474	4,300
Foods	524	498	539	567	522
Total	82,687	82,868	84,078	85,639	88,178

Note: Data is for sales in CCWJ's sales territory.

Sales by Packaging



	FY 1997	1998	1999	2000	2001
Returnable bottles	915	834	749	698	654
One-way bottles	3,985	2,576	1,846	1,605	2,047
PET bottles	10,517	12,956	18,114	21,618	24,267
Cans	52,025	50,621	47,319	44,996	43,749
Other	459	457	426	465	1,057
Post mix	14,261	14,926	15,085	15,690	15,882
Foods	524	498	539	567	522
Total	82,687	82,868	84,078	85,639	88,178

Notes: 1. Post mix refers to diluted drinks sold primarily in paper cup-dispensing vending machines.
2. Data for sales in CCWJ's sales territory.

Stock Information

(As of December 31, 2001)

Authorized shares: 270,000,000

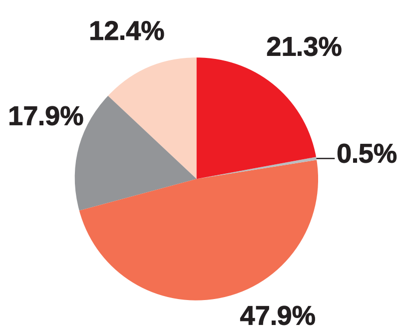
Outstanding shares: 80,578,000

Number of shareholders: 10,693

Major shareholders:

	Number of shares held	Percentage of shares (%)
Ricoh Co., Ltd.	16,751	20.8
Nichirei Corp.	5,300	6.6
The New Technology Development Foundation	5,294	6.6
Coca-Cola Holdings West Japan, Inc.	4,074	5.1
Fukuoka City Bank Co., Ltd.	3,701	4.6
J.P. Morgan Trust Bank Ltd. (Tax-exempt account)	2,544	3.2
Fukuoka Jisho Co., Ltd.	2,225	2.8
Boston Safe Deposit PSDT Treaty Clients Omnibus	1,690	2.1
Showa Tansan Co., Ltd.	1,644	2.0
State Street Bank and Trust Company	1,624	2.0

Number of shares held and percentage of shares held by shareholder category:



Composition of shareholders

	No. of shareholders	No. of shares held (1,000)
Financial institutions	88	17,185
Securities companies	26	420
Other domestic corporations	309	38,612
Foreign corporations, etc.	149	14,395
Individuals and others	10,121	9,966

	1997	1998	1999	2000	2001
PER	21.95	28.97	37.83	38.66	133.65
PBR	1.44	1.95	2.04	1.40	1.21
FY-end stock price (¥)	2,480	3,540	4,300	2,735	2,355
Dividend (¥)	27.00	30.00	32.00	32.00	34.00
Payout ratio (%)	21.93	25.85	26.73	42.67	108.89

Note: PER and PBR figures for fiscal 1996,1997 and 2000 are computed based on the year-end stock price multiplied by 1.1 times to adjust for stock splits in those years.

Corporate Data

(As of December 31, 2001)

Trade name:	Coca-Cola West Japan Company, Limited
Head office:	7-9-66 Hakozaki, Higashi-ku, Fukuoka
Established:	December 20, 1960
Paid-in capital:	¥15,231,000,000
Employees:	584
Principal businesses:	Manufacture and sales of beverages, mainly Coca-Cola, Sprite, Fanta, and Georgia.
Stock exchange listings:	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Fukuoka Stock Exchange
Consolidated subsidiaries:	SANYO COCA-COLA SALES CO., LTD. KITA KYUSHU COCA-COLA SALES CO., LTD. SANYO CANTEEN CO., LTD. KITA KYUSHU CANTEEN CO., LTD. KITA KYUSHU COCA-COLA VENDING CO., LTD. FV West Company, Limited Acona Vending Company, Ltd. NICHIBEI CO., LTD. TakaMasamune Co., Ltd. SAWAYAKA SERVICE CO., LTD. LOGICOM JAPAN CO., LTD. MIKASA LOGISTICS CO., LTD. Sanyo Customer Service Co., Ltd. Kyushu Jihanki Service Co., Ltd. MIKASA SERVICE CO., LTD. SANYO KOSAKUSHO CO., LTD. Kita Kyushu Sawayaka Service Co., Ltd. Seinan Kosan Co., Ltd.
Equity-method affiliates:	Akashi Shoji Co., Ltd.
Auditors:	Asahi & Co.

- The Coca-Cola logo shows that CCWJ is a strategic partner of The Coca-Cola Company.
- WJ is an abbreviation of our territory, West Japan. W also stands for “Win” indicative of our resolve to become the market leader. The letter “J” protruding from the oval symbolizes the dynamic nature of our company.
- The circle outside the oval is indicative of our being a different kind of company, one unconfined by conventions.
- The oval containing WJ represents the Earth and is indicative of CCWJ’s resolve to become the No. 1 Anchor Bottler in the world. It also affirms our commitment to conduct our corporate activities in harmony with the global environment.
- WJ and its surrounding oval mark are indicative of our commitment to all stakeholders, including shareholders, suppliers, customers, society and employees.

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