



Coca-Cola West Japan Company, Limited





Annual Review 2005





Year ended December 31, 2005


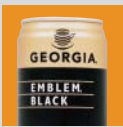

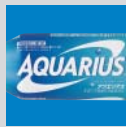

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Forward-looking Statements

This annual review contains statements regarding the Company's future plans, strategies, projected performance and outlook. These forward-looking statements are not historical facts, but represent management's opinions and beliefs based on information available at the time of writing. Readers are cautioned that any number of risks and factors beyond the Company's control could cause actual results to differ materially from those projected by management. These include, but are not limited to, economic trends, intensifying competition in the soft drink industry, market supply and demand, and changes in taxation and other applicable laws and regulations.

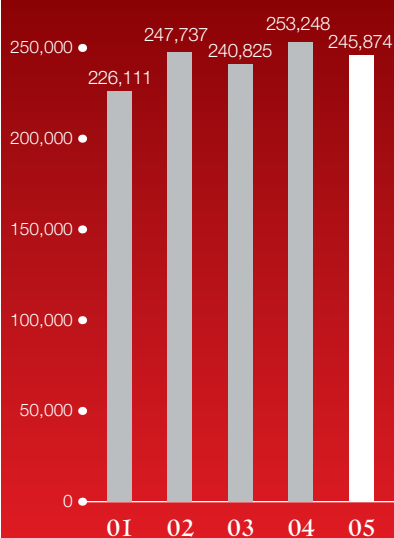
Consolidated Financial Highlights

(Millions of yen)

Fiscal year:	2004	2005
Net revenues	¥ 253,248	¥ 245,874
Operating income	16,860	11,830
Recurring income	17,065	12,256
Net income	8,564	7,305
Total assets	207,216	208,711
Shareholders' equity	167,036	173,608
		(Yen)
Per share data:		
Net income per share	¥ 108.80	¥ 93.42
Shareholders' equity per share	2,149.99	2,228.79
Dividend per share	40.00	40.00

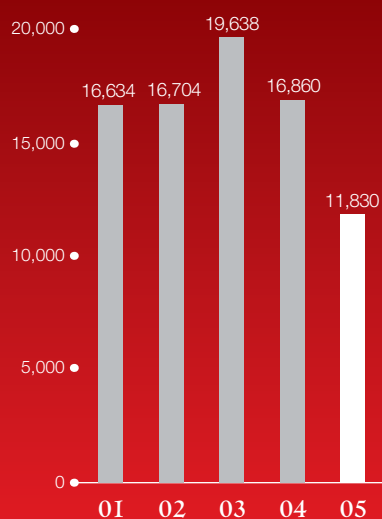
Net revenues

(Millions of yen)



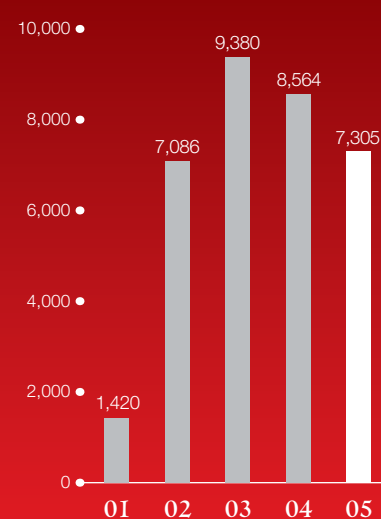
Operating income

(Millions of yen)



Net income

(Millions of yen)





To Our Shareholders and Other Investors

Operating Results

In fiscal 2005, the year ended December 31, 2005, the Japanese economy experienced a moderate recovery thanks to an improving job market and rising capital investment on the back of stronger corporate earnings. However, the outlook was clouded by factors impacting on consumer spending such as consistently high oil prices, which pushed up prices for petroleum-related consumer products, and a higher tax burden due to the end of temporary tax cuts.

The Japanese soft drink industry achieved year-on-year market growth, driven primarily by demand for mineral water and Japanese tea products. However, the operating environment became increasingly challenging due to falling retail prices, the rising cost of new product launches and other factors.

Against this backdrop, the Coca-Cola West Japan Company, Limited (CCWJ) Group continued to work toward the targets in its Reform From Within medium-term management plan, launched in 2003. Fiscal 2005, the final year of the plan, was positioned as a year for achieving significant progress, and the whole Group worked closely on a range of activities to achieve this objective.

Despite these efforts, however, CCWJ reported consolidated net revenues of ¥245,874 million, down 2.9% from the previous year. Operating income fell 29.8% year on year to ¥11,830 million, and recurring income declined 28.2% to ¥12,256 million. Net income also dropped, falling 14.7% year on year to ¥7,305 million.

Completing Reform From Within and Laying Out the Next Medium-term Management Plan

On the sales front, we strengthened our core brands, effectively launched new products and used other marketing activities to boost sales and market share. In parallel, we aggressively promoted our products using strategies specifically tailored to each sales channel. Other initiatives included realigning sales sites to build a more effective marketing framework, linking vending machines with IT systems to increase sales, and promoting initiatives to ensure consumers and customers enjoy the benefit of even fresher products.

In terms of production, supply and demand, we worked hand-in-hand with Coca-Cola National Beverage Co., Ltd. (CCNBC) to raise productivity and pare back costs. CCNBC, which began full-scale operations in January 2005, is responsible for optimizing supply chain management (SCM) in the nationwide Coca-Cola system. Meanwhile, with a view to boosting corporate value by reinforcing our business base, we have decided to integrate operational management with Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC) through a new joint holding company, Coca-Cola West Holdings Co., Ltd. (CCWHD). The new company will be established on July 1, 2006. This step was taken to ensure sustained growth by building a firmer management base. Supported by the strengths of both companies, CCWHD will offer services that are even more focused on consumers and customers, striving to build a more competitive position in the marketplace. As a strategic partner of Coca-Cola (Japan) Co., Ltd. (CCJC), CCWHD will play a leading role in transforming the Coca-Cola system in Japan, working to win the trust of all its stakeholders—consumers, customers, shareholders and employees.

Moving Into the Second Stage of Reform From Within

Forecasts predict a gentle economic recovery in Japan based on an improving job market and rising capital investment on the back of stronger corporate earnings. However, consumer spending is expected to present continued challenges due to uncertainty about the future such as surging oil prices and a rising tax burden. With no prospects of significant growth in the market going forward, the soft drink industry in Japan will grapple with an increasingly tough business climate characterized by intensifying competition.

Based on this outlook, and aiming to boost its corporate value and deliver further growth and progress, the CCWJ Group has formulated its next three-year medium-term business plan and the associated fundamental management policy, Reform From Within II GET No. 1.

Guided by the fundamental policy in the new management plan, CCWJ will work to strengthen the Coca-Cola business in Japan by delivering powerful Group-oriented management that draws on the respective roles and capabilities of each Group company.

Dividends

In return for the loyal support of our shareholders, we have declared a year-end dividend of ¥20 per share. The full-year dividend, including the interim dividend, is thus ¥40 per share.

I hope we can count on the continued support and understanding of shareholders and other investors going forward.

April 2006



Representative Director
& Chairman

A stylized, cursive handwritten signature in black ink.

Masamitsu Sakurai



Representative Director,
President & CEO

A stylized, cursive handwritten signature in black ink.

Norio Sueyoshi

The Creation of Coca-Cola West Holdings: Aiming to Enhance Corporate Value

Aiming to boost corporate value by reinforcing our business base, we concluded an agreement with Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC) to integrate operational management through a new joint holding company, Coca-Cola West Holdings Co., Ltd. (CCWHD). This new company will be established on July 1, 2006.

Background to Management Integration

In recent years, CCWJ has been faced by far-reaching changes in the soft drink industry characterized by diversifying consumer needs, evolving sales channels and intensifying competition in the marketplace. Despite these challenges, CCWJ has built a firm presence and track record as a leading company in its sales territory. Aiming to continue growing and developing our business well into the future, we have implemented a range of initiatives ahead of other Coca-Cola bottlers. This has helped us to play a leading role in the Coca-Cola system in Japan.

In order to reinforce our competitiveness in a rapidly changing operating environment, we have worked closely with Kinki CCBC since 2000 in procurement, production, logistics and a number of other fields through the Joint Project. From

2002, we have also jointly run Mikasa Coca-Cola Bottling Co., Ltd. with Kinki CCBC. These moves resulted in one of the closest partnerships of Coca-Cola bottlers anywhere in Japan. Subsequently, following the announcement of a closer business tie-up with Kinki CCBC in December 2005, we worked with our partner to examine further cooperation from the perspective of enhancing customer service, strengthening supply chains, upgrading and expanding business systems and boosting consumer satisfaction.

As a result of this process, we decided that the best road forward was to integrate the operational expertise of both companies and work closely on raising corporate value by integrating operational management under a joint holding company structure.

The Road to Integration

January 1999: Sanyo Coca-Cola Bottling Co., Ltd. and Kita Kyushu Coca-Cola Bottling

Co., Ltd. announce merger

July 1999: Coca-Cola West Japan Company, Limited (CCWJ) established; Japan's first and only Coca-Cola Anchor Bottler and the eleventh worldwide

August 2000: CCWJ and Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC) begin a cooperative business project

April 2001: Mikasa Coca-Cola Bottling Co., Ltd. becomes a CCWJ subsidiary

February 2006: CCWJ and Kinki CCBC announce management integration

July 2006: Coca-Cola West Holdings Co., Ltd. (CCWHD) established (planned)

Coca-Cola West Japan
Company, Limited

Kinki Coca-Cola Bottling Co., Ltd.

Mikasa Coca-Cola Bottling Co., Ltd.

CCWHD's Fundamental Policy

CCWHD will play a leading role in transforming the Coca-Cola system in Japan as a strategic partner of Coca-Cola (Japan) Co., Ltd. (CCJC). CCWHD will work with CCJC in a number of specific areas including: establishing a fully integrated marketing process covering strategy formulation through market launch, supporting product development and test marketing, pioneering various initiatives related to sales and marketing, building fundamental IT infrastructure, promoting personnel exchange, and participating in corporate branding activities.

At the same time, CCWHD will work to build a company worthy of the trust of key stakeholders—consumers, customers and shareholders. CCWHD will also inherit and

remain committed to the strong relationships that CCWJ and Kinki CCBC have built up over the years with local communities. Drawing on these links, CCWHD will work to play its part in the creation of a prosperous society as a good corporate citizen focused on communities.

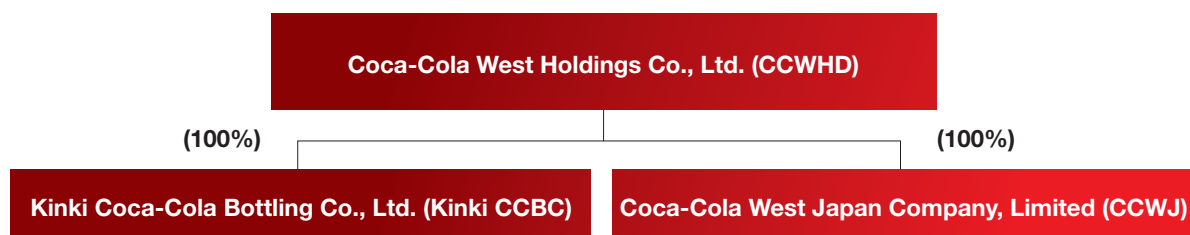
CCWHD will also strive to create a dynamic, rewarding workplace that gives employees the opportunities to realize their goals. By offering all our employees—each with their own unique abilities, hopes and dreams—the chance to grow and develop in a working environment with even greater scale and reach, we will play a leading role in the transformation of the Coca-Cola system in Japan as a company capable of attracting and utilizing the best people.

Overview of the CCWHD Group

The CCWHD Group's sales territory will cover five prefectures in the Chugoku region (Hiroshima, Okayama, Yamaguchi, Tottori and Shimane), three prefectures in the northern Kyushu region (Fukuoka, Saga and Nagasaki), and six prefectures in the Kansai region (Osaka, Hyogo, Kyoto, Nara, Shiga and Wakayama). Together, these regions represent a vast consumer market with around one third of Japan's total population. The new CCWHD Group will have consolidated net revenues of roughly ¥427 billion and a total workforce of approximately 8,400 employees. Accounting for more than 27% of sales in the Coca-Cola system in Japan,

CCWHD will be expected to play a leading role in the system. By forging even stronger links with The Coca-Cola Company and CCJC, CCWHD will help to drive forward the strategic growth and structural transformation of the Coca-Cola system.

Guided by the concept espoused by CCWJ, that we can build a better company by realizing lower cost operations, even just for one yen less, and by selling one more bottle, even just for one more yen of profit, CCWHD will strive to raise its corporate value as a company committed to returning profits to shareholders, employees and local communities.



Corporate Outline

Company Name:	Coca-Cola West Holdings Co., Ltd.
Business Activities:	Production and sale of Coca-Cola and other soft drinks; management of Group companies, etc.
Head Office:	Fukuoka; head office functions also located in Osaka
Senior Management Team:	Representative Director & CEO: Norio Sueyoshi Representative Director & COO: Masakazu Morito Directors: Tadatsugu Harada, Kouichi Morii, Tamio Yoshimatsu, Masamitsu Sakurai, Naomichi Asano, Masahiko Uotani Corporate Auditors: Yasumasa Niimi, Hiroshi Kanda, Tatsuo Hirakawa, Isanari Ohuchida, Yukiko Kyokane
Fiscal Year-end:	December 31
Capital:	¥15,231 million
Stock Market Listings:	Tokyo Stock Exchange, Osaka Securities Exchange, Fukuoka Stock Exchange
Sales Volume*:	190 million cases
Net Revenues*:	¥427.0 billion
No. of Employees*:	8,400

* Sales volume, net revenues and the number of employees are totals of consolidated figures for CCWJ and Kinki CCBC for fiscal 2005.

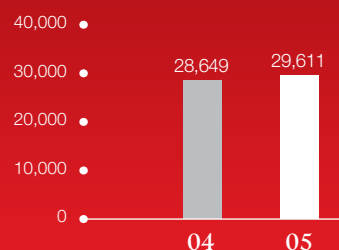
A Sales Framework Tuned to Consumer and Customer Needs



Vending Machine Channel

The vending machine channel, one of CCWJ's core operations, is an extensive network for providing products to consumers.

Sales Volume (Thousand cases)



Fiscal 2005 Review

This channel contributes to top- and bottom-line performance as a key source of earnings for the CCWJ Group. Sales volume during the year totaled 29,611,000 cases, an increase of 3.4% compared to fiscal 2004, representing 33.9% of CCWJ's total sales volume, up 1.0 percentage point from a year earlier. As of December 31, 2005, CCWJ operated a total of 137,926 vending machines, an increase of 1,741 year on year. The Group's share of the outdoor vending machine market slipped 1.2 percentage points to 50.3%.

Initiatives and Results

In fiscal 2005, CCWJ strategically channeled its management resources into energizing existing major sales accounts. This approach helped to boost sales overall.

In order to systematically cultivate highly targeted customer segments, CCWJ established a specialist market development organization. This underpinned efforts to effectively and aggressively seek and develop desirable indoor vending machine locations.

The Company also continued its IT-focused vending machine initiatives. The main thrust of these initiatives was to attract and retain new users by offering more interesting ways to buy soft drinks by leveraging the specific capabilities of IT-enabled vending machines. Examples included cashless purchasing systems, purchase point programs and email advertising shots. As of December 31, 2005, CCWJ operated around 4,000 IT-enabled vending machines. This figure rises to roughly 16,000 units when online network-enabled vending machines are included. The marketing data that can be gleaned from these vending machines helped CCWJ to

enhance the quality of its operations by identifying and then eliminating empty or inactive columns. As a result, sales per vending machine rose compared to a year earlier.

Policies for Fiscal 2006 and Beyond

As a pillar of sales and earnings for the CCWJ Group, the Company's goal for this channel is to attain greater vending machine business growth through expansion and efficiency. Hence, the fundamental policy for this channel is to boost sales and earnings by enhancing the value of each vending machine from the perspective of consumers and customers.

Guided by this policy, the basic strategy for fiscal 2006 is to reinforce market development by drawing on the combined strengths of the Group. Specifically, the Company will channel its management resources into the indoor vending machine market, which holds significant potential because of CCWJ's relatively weak presence. In 2006, we will increase the number of development personnel in this area by 58% and significantly boost the level of investment in vending machines.

Moreover, as part of efforts to create vending machines that sell more products by modifying marketing approaches, CCWJ will enhance column management using data gleaned from IT-enabled vending machines to boost sales per machine and increase the efficiency of operations.

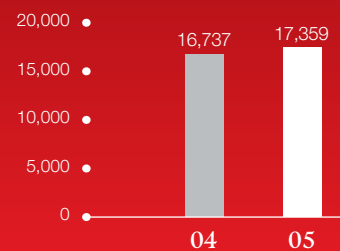
Other initiatives will include the "vertical expansion" of desirable vending machine locations and steps to boost sales at existing locations.



Chain Store Channel

Supermarket-oriented operations are home to considerable consumer needs. This is helping to make the chain store channel one of CCWJ's fastest growing sales channels.

Sales Volume (Thousand cases)



Fiscal 2005 Review

The chain store channel saw sales volume rise 3.7% year on year to 17,359,000 cases. This represented 19.9% of CCWJ's total sales volume, 0.7 of a percentage point higher than the 19.2% recorded in the previous year. CCWJ has made steady progress in this business area, with sales volume for fiscal 2005 roughly 27% higher than that achieved in 2000. In terms of profit, however, this channel's contribution to gross profit has remained almost unchanged due to prices that are trending downward in response to powerful price-oriented needs in the marketplace.

Initiatives and Results

A key strategy in this channel in fiscal 2005 was the promotion of Revenue Growth Management (RGM). RGM involves joining forces with customers to deliver stronger earnings through sustained sales increases by offering greater value to consumers.

Through the implementation of *Ten-Round 10*, a specific initiative for promoting RGM that aims to vertically and horizontally expand retail space by 10%, CCWJ has achieved a steady increase in sales area for its products.

Policies for Fiscal 2006 and Beyond

CCWJ is aiming to expand operations and increase efficiency in the chain store channel. Specifically, the Company will use its head office merchandising skills and market execution capabilities to satisfy the diverse needs of consumers and customers, and draw on the Group's total sales capabilities to enhance competitiveness and forge a unique position in the marketplace.

To achieve this objective, CCWJ has positioned the structural reform of its chain store business as its basic strategy in this field for fiscal 2006. The Company will continue to pursue its RGM approach in line with this strategy.

In order to transform the quality of its sales methods, CCWJ will roll out an upgraded version of *Ten-Round 10*. Called *Ten-Round 10 II*, this new initiative will target further qualitative and quantitative improvements in retail spaces. Key approaches will include applying and modifying the CBPPP (see note 1) strategy from a consumer perspective, reinforcing customer management, and boosting individual and organizational capabilities.

The CBPPP strategy involves formulating and introducing optimum product lineups, price ranges, and sale promotions for specific retail formats. These formats will be identified and segmented based on consumer rationale for store visits.

In reinforcing customer management, CCWJ will build stronger relationships with customers by optimally allocating management resources to customers based on parameters such as sales volume, growth potential, and sales area.

Finally, in terms of boosting individual and organizational capabilities, the Company will establish mechanisms designed around KBI (see note 2) to ensure CCWJ acquires industry-leading head office merchandising skills and market execution capabilities. The ultimate goal is to build individual and organizational capabilities on a par with or better than competitors.

Notes 1): Channel, Brand, Package, Price, Promotion

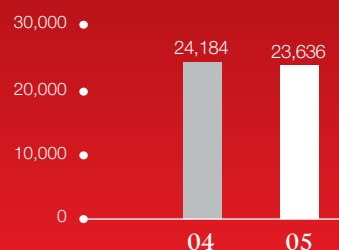
2): Key Business Indicators: Daily employee activities and performance expressed in numerical terms (effective performance indicators)



Convenience Store and General Retail Channel

This channel encompasses sales to convenience stores, drug stores, food retailers and liquor stores.

Sales Volume (Thousand cases)



Fiscal 2005 Review

Sales volume in the convenience store and general retail channel was 23,636,000 cases, down 2.3% from fiscal 2004. Sales volume as a ratio of total sales dipped 0.7 of a percentage point to 27.1%. Recently, this channel has seen growth in sales at convenience stores, but contraction at general retail stores.

Initiatives and Results

Focusing on two key strategies in the past year—bolstering segment sales and identifying sales opportunities—CCWJ implemented marketing activities that emphasized greater selectivity and focus.

In the general retail sector, despite a shrinking market, CCWJ is seeing a rise in sales volume per store thanks to the steady implementation of measures tailored to each customer, such as sales promotions for different business formats and initiatives to tap potential sales at emerging high-volume retailers.

Meanwhile, in the convenience store sector, where direct sales negotiations with individual stores in leading nationwide chains is not possible, CCWJ has enlisted the cooperation of Coca-Cola National Sales Co., Ltd. to talk with regional headquarters. For chains where individual stores handle such discussions, CCWJ has carried out aggressive proposal-based sales and merchandizing activities, resulting in an increase in both sales volume and market share.

Policies for Fiscal 2006 and Beyond

In the general retail sector, CCWJ will work to sustain earnings by placing emphasis on existing customers in order to offset the impact of a shrinking market. In the convenience store sector, the objective will be to boost sales and earnings by offering a wider range of products to accommodate the changing preferences of consumers.

In fiscal 2006, the fundamental policy for this channel will be to maintain sales and earnings by enhancing CCWJ's ability to provide products focused on consumers and customers.

In line with this policy, the basic strategies will be to strengthen segment-oriented marketing along business format lines, channel management resources into highly targeted sales activities, and rebuild the sales framework.

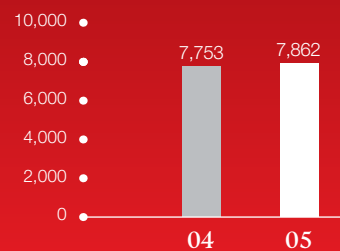
In segment-oriented marketing, the Company will work to boost sales by enhancing its proposal-based sales activities targeting high-volume retailers and business formats with significant sales potential. This will be supported by efforts to cultivate new customers such as hotels, restaurants, and cafés. In the case of low-volume customers that are experiencing a decline in sales, CCWJ's approach will be to pursue low-cost operations. The Company will also rebuild its sales framework by realigning its network of sales branches, upgrading training for each employee occupation and taking other steps. The aims here will be to boost the effectiveness of sales representative visits, reinforce product distribution and simultaneously enhance the efficiency of operations.



● Food Service Channel

The food service channel's core operations encompass the sale of soft drink syrup to fast food chains, cinemas, sports facilities, casual dining restaurants and theme parks.

Sales Volume (Thousand cases)



Fiscal 2005 Review

Sales volume in the food service channel rose 1.4% year on year to 7,862,000 cases. Consequently, sales volume as a ratio of total sales edged up 0.1 of a percentage point from 8.9% in fiscal 2004 to 9.0% in the year under review.

Initiatives and Results

Guided by its key strategy of enhancing market activities from the perspective of consumers, CCWJ worked to capture new markets and uncover potential sales at existing customers during fiscal 2005.

Capturing new markets involved attracting new customers with estimated annual sales in excess of 600 cases, developing the hot beverage market by rolling out machines for regular coffee and powdered beverages, and taking a more assertive stance in winning business from competitors. At the same time, CCWJ introduced key programs that primarily targeted regional and local food service chains in an effort to find unrealized sales opportunities at existing outlets. As a result of these efforts, sales volume per store rose, and sales and earnings increased thanks to price revisions. The strategy of enhancing market activities from the perspective of consumers also paid dividends with a customer satisfaction survey (see note) giving CCWJ the top place in categories such as marketing, product lineup, quality control and customer support.

Note): Survey carried out by J.D. Power Asia Pacific, Inc. between May and June 2005 in CCWJ's sales regions.

Policies for Fiscal 2006 and Beyond

CCWJ's mission in the food service channel is to create more opportunities for consumers to come into contact with its products. By offering Coca-Cola products to families and other consumers at these points of contact in food retailing environments, the Company will be able to increase sales and earnings.

In fiscal 2006, the fundamental policy in this channel will be to expand sales and earnings by building a leading reputation for reliability in the industry based on consumer- and customer-oriented activities.

In line with this policy, key strategies will be to use customer management to strengthen relationships with existing stores, win more hot beverage business centered on regular coffee, and boost productivity by improving the performance of unprofitable customer accounts.

Strengthening relationships with existing stores will involve focusing sales activities on stores with real potential for sales and earnings by enhancing proposal-based sales that target highly profitable, high-growth customers. To win more business in the hot beverage category, CCWJ will use the introduction of advanced coffee machines to develop relationships with new stores. And improving the performance of unprofitable customer accounts will mean modifying earnings structures by revising contracts, using old machines more effectively and taking other steps.

CCWJ's Core Brands

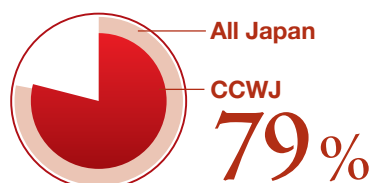
CCWJ is striving at every level to strengthen its five core brands.



Home Market Share (2005)

Cola

* OTC market (excluding vending machines)



Source: Intage Inc. of Japan Store Audit (2005)

Georgia

Launched by CCWJ in 1975 and now a byword for canned coffee, Georgia was the first product to be sold nationwide. Georgia accounts for more than 30% of CCWJ's sales volume and commands a market share in Japan of 46%. In CCWJ's operating area, Georgia's commanding market share is even higher, at 65%. In 2005, CCWJ ran an advertising campaign commemorating three decades of Georgia coffee under the slogan, "We Are Georgian!" In the coming year, the goal will be to ensure Georgia's enduring market position with a new advertising campaign titled, "Let Dreams and GEORGIA take your heart."



Coca-Cola

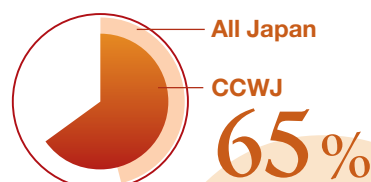
Accounting for around 10% of CCWJ's sales volume, Coca-Cola has a market share in Japan of 78%. In CCWJ's operating area, Coca-Cola has a dominant market share of 79%. In 2005, the Company rolled out a new advertising campaign titled, "Coca-Cola is for moments of connection." The campaign featured the first original theme song for the Japanese market in six years, helping it to attract media attention and create added impact. In 2006, centered around the Coca-Cola 120 Anniversary Plan, CCWJ will aim to further boost sales volume and market share using initiatives such as a new advertising campaign with the slogan, "Coke Please!"



Home Market Share (2005)

Canned coffee

* OTC market (excluding vending machines)



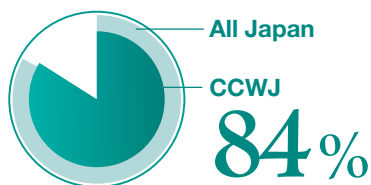
Source: Intage Inc. of Japan Store Audit (2005)





Home Market Share (2005) Blended tea

* OTC market (excluding vending machines)



Source: Intage Inc. of Japan Store Audit (2005)

Aquarius

Developed in Japan and growing in stature as a global brand, Aquarius is Japan's most-loved sports drink. Aquarius' market share in Japan is 50% with a dominant 54% market share in CCWJ's operating area. In 2005, CCWJ rolled out a new bottle design and a sales campaign with the slogan, "Sports Science Has Evolved, Aquarius." Together with the launch of a new product called Aquarius active diet, this helped to drive an increase in sales. In 2006, CCWJ will work to boost sales volume and market share based on greater brand value, with specific initiatives such as new product launches supporting efforts to enhance Aquarius' competitive edge.



Home Market Share (2005) Green tea

* OTC market (excluding vending machines)



Source: Intage Inc. of Japan Store Audit (2005)



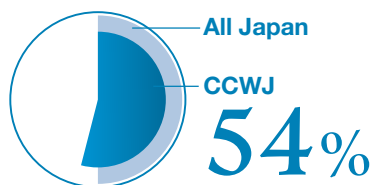
Sokenbicha

Underpinned by the motto, "For refreshment, health and beauty," Sokenbicha is a tea for health- and beauty-conscious people. CCWJ was first in pioneering Sokenbicha for its own target region prior to the product's nationwide launch. Sokenbicha now has a market share of 83% nationwide, and an impressive 84% share in CCWJ's own operating area. Even today, Sokenbicha remains synonymous with blended tea in Japan. In 2005, CCWJ launched an advertising campaign under the banner, "The SokenBeauty Within." In the coming year, the goal will be to build an even firmer market position for Sokenbicha with the roll out of a new campaign titled, "Power My Beauty," and a robust yet refined natural fit bottle.



Home Market Share (2005) Sports drinks

* OTC market (excluding vending machines)



Source: Intage Inc. of Japan Store Audit (2005)



Hajime

With Hajime, CCWJ's aim was to develop a product that even tea planters—who understand the real taste of green tea—could enjoy at home. Hajime, which currently has a nationwide market share of 11% and a 14% share of the market in CCWJ's operating area, is aiming for the top position in the rapidly growing green tea market in Japan. In 2005, CCWJ positioned Hajime as a strategic new product and backed this up with a large-scale advertising campaign. In the year ahead, the Company will work to upgrade the product by focusing on greater refreshment. Other efforts will aim to boost brand power and increase the ranks of Hajime fans.

Market Information

Trends in the Japanese Soft Drink Market

In 2005, the soft drink market as a whole experienced strong growth of around 2.0% thanks to good weather at the start of the year and the second consecutive year of record-breaking summer temperatures.

By soft drink category, Japanese green tea, mineral water and vegetable juice posted particularly strong growth, while sales of coffee and black tea beat the overall market growth rate.

Other categories contracted or grew at a rate lower than the market overall. Recent trends in the soft drink market in Japan include rapid expansion in the non-sugar tea market, which covers Japanese green tea and other products. This product category grew to become the largest in the market in 2004. The mineral water market is also showing strong expansion.

Market Information for CCWJ Sales Territory

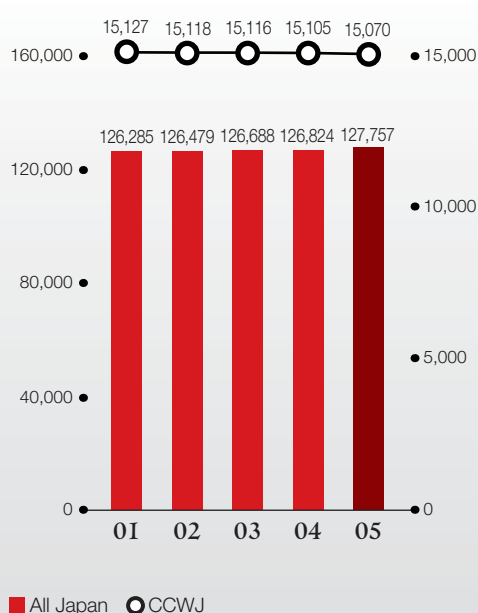
1. Trends in Target Markets

CCWJ's sales territory encompasses five prefectures in the Chugoku region (Hiroshima, Okayama, Yamaguchi, Shimane and Tottori) and three prefectures in the northern Kyushu region (Fukuoka, Saga

and Nagasaki). According to 2005 population statistics and the Basic Resident Register, Japan's population totaled 127,757,000, of which 15,070,000 people lived in CCWJ sales territory, representing 11.8% of the country's total population.

Population trends in Japan

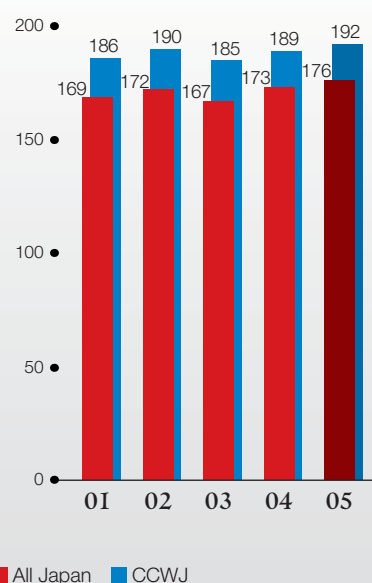
(Population, 1,000s)



Source: Basic Resident Register

Per capita consumption

(Bottles)



The population in CCWJ sales territory has remained at the 15-million level for the past few years. CCWJ accounts for 13.2% of the combined sales volume of all Coca-Cola bottlers in Japan. Annual per capita consumption of soft drinks nationwide, assuming one bottle equals 237ml, currently stands at 176 bottles. In CCWJ sales territory, the figure is 192 bottles, representing the highest figure in recent years.

2. Market Share in Sales Territory (OTC market excluding vending machines)

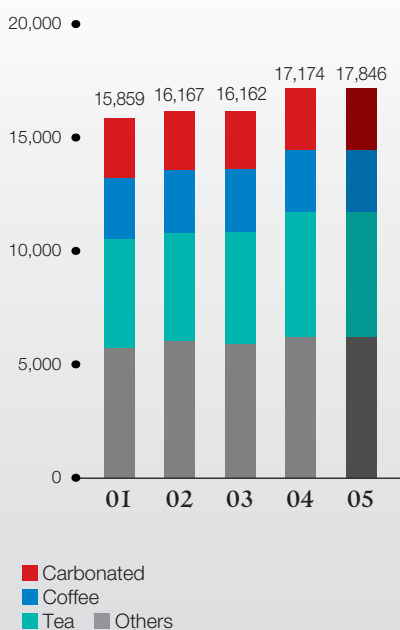
In 2005, CCWJ's market share dipped 0.7 of a percentage point year on year to 27.8%. By area, CCWJ's market share was 29.2% in Kyushu and 26.5% in Chugoku. CCWJ has also built the following market positions in different business formats: grocery stores, 55.6%; liquor stores, 36.0%; supermarkets, 25.6%; and convenience stores, 24.8%.

3. Vending Machine Installation

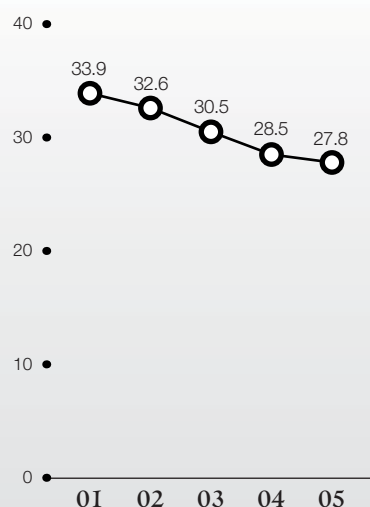
The number of CCWJ vending machines installed in the market was 137,926 units at the end of 2005, an increase of 1,741 from 2004. The Company's share of the outdoor vending machine market was 50.3%, still an exceptionally high figure compared to competitors. However, CCWJ's share of the indoor market (see note) declined 1.7 percentage points to 26.8%. This drop was primarily the result of a review of vending machine locations emphasizing profitability, including steps to remove units with low sales.

Note: Total share of markets in six key cities (Fukuoka, Kitakyushu, Nagasaki, Hiroshima, Okayama and Matsue). Source: ACNielsen Corporation Japan, Open Market Vending Machine Survey, conducted annually in June.

**Production volume of soft drinks
(Total industry)**
(1,000kl)

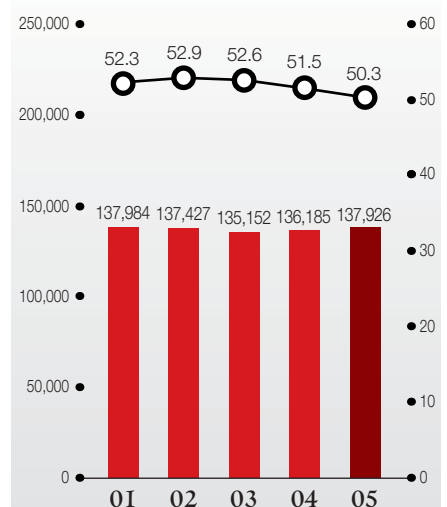


**Market share in CCWJ sales
territory
OTC market (excluding vending
machines)**
(%)



Source: ACNielsen Corporation Japan Store Audit (2000–2001)
Intage Inc. of Japan Store Audit (2005)

**Number of vending machines/
Share**
(Machines/%)



■ Number of vending machines ○ Share
Source: ACNielsen Corporation Japan Store Audit (2005)

Sales Volume in CCWJ Sales Territory

Sales Volume by Product Category

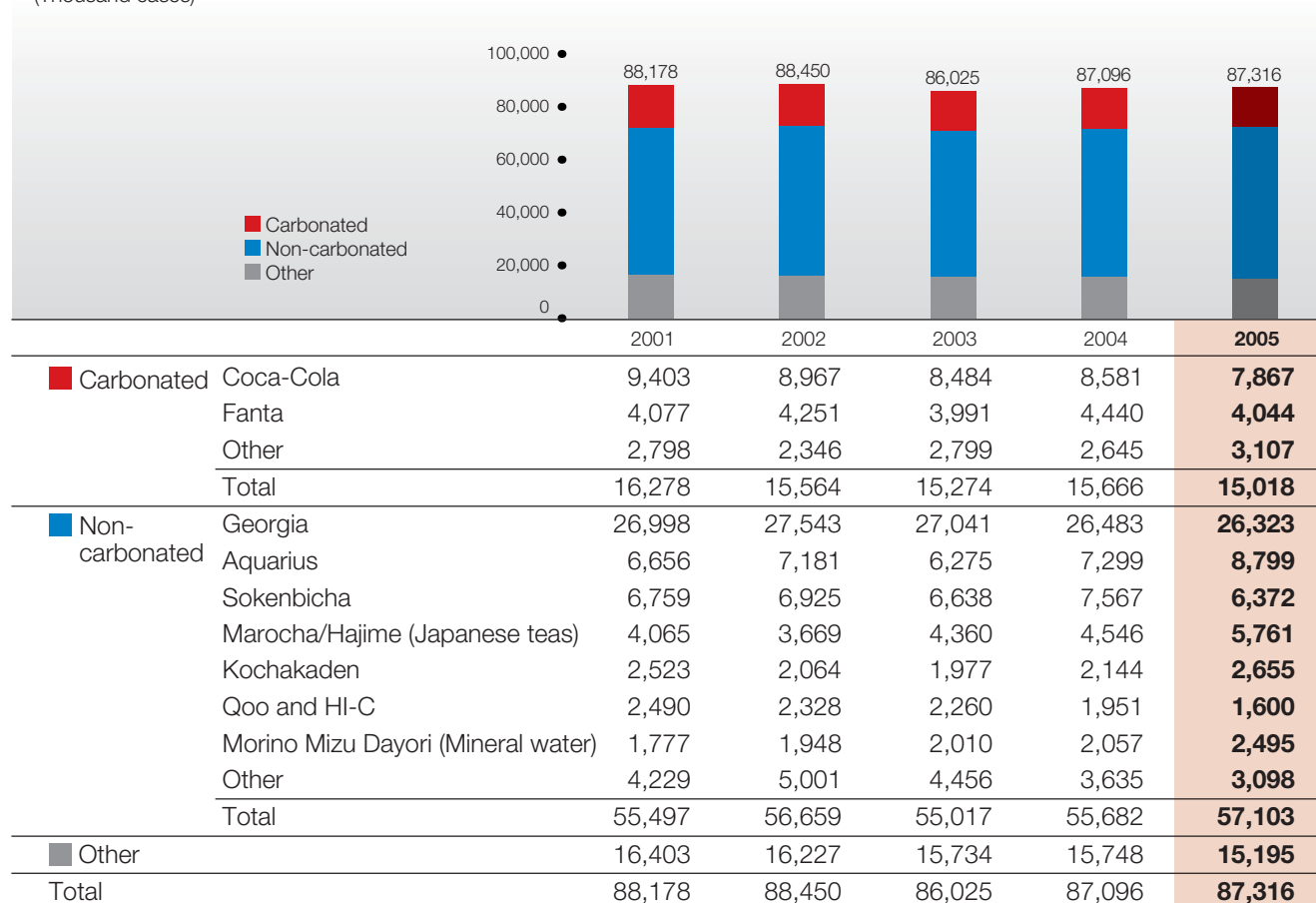
The CCWJ Group's beverages are broadly divided into three categories: carbonated beverages, mainly the Coca-Cola and Fanta brands; non-carbonated beverages, primarily coffee, tea and sports drinks; and other.

Total sales volume in fiscal 2005 increased by 221,000 cases, or 0.3%, to 87,316,000 cases. Sales volume of carbonated beverages declined by 648,000 cases, or 4.1%, to 15,018,000 cases, while the sales volume of non-carbonated beverages grew by 1,421,000 cases, or 2.6%, to 57,103,000 cases.

By brand, Coca-Cola accounted for 52.4% of the 15,018,000 cases of carbonated beverages sold in fiscal 2005. In non-carbonated beverages, Georgia coffee beverages accounted for 26,323,000 cases, or 46.1%, of total cases sold, followed by the sports drink Aquarius, blended tea Sokenbicha, and Hajime, a Japanese green tea. Buoyed by growing demand for green tea and mineral water in Japan, sales of Hajime jumped 26.7% year on year to 5,761,000 cases, and Morino Mizu Dayori, a mineral water product, surged 21.3% to 2,495,000 cases. Despite a contracting market overall, Aquarius also posted a substantial increase in sales volume of 20.5% to 8,799,000 cases thanks to the launch of a new product called Aquarius active diet.

Sales by category

(Thousand cases)



Sales Volume by Package

Sales of PET bottle products increased by 1,821,000 cases, or 6.2%, from the 29,372,000 cases achieved in fiscal 2004, reaching 31,193,000 cases in the year under review. In particular, 1,000ml PET bottles and PET bottles of 350ml or less saw significant year-on-year increases in sales volume, rising 76.8% and 16.3%, respectively. Meanwhile, sales of cans declined by 823,000 cases, or 2.4%, to 33,118,000 cases, and compared to the 6,330,000 cases sold in fiscal 2004, sales of bottle-cans fell by 205,000 cases to 6,125,000 cases.

Recent packaging trends show an ongoing shift away from cans to PET bottles. CCWJ's policy will continue to be to boost sales volume of PET bottles as a core packaging format.

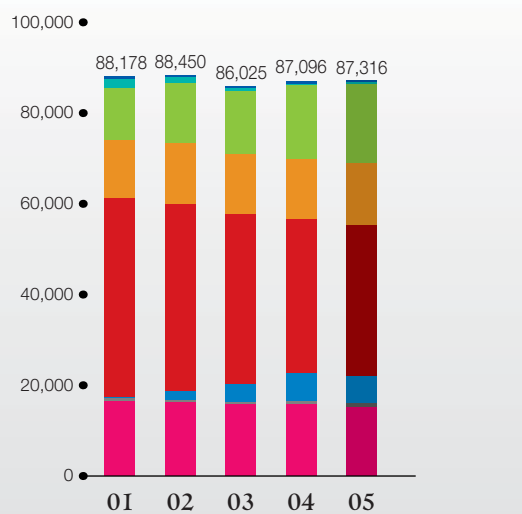
Sales Volume by Channel

Four of CCWJ's five sales channels reported higher sales volume compared to a year earlier (increases in brackets). Vending machine channel: 29,611,000 cases (3.4%); chain store channel: 17,359,000 cases (3.7%); convenience store channel: 10,102,000 cases (2.1%); and the food service channel: 7,862,000 cases (1.4%). Sales volume in the general retail channel declined 5.3% year on year.

These figures illustrate recent trends, with falling sales in the general retail channel and rising sales in all other sales channels. The CCWJ Group's policy going forward will be to increase sales volume by focusing on the vending machine and chain store channels.

Sales by package

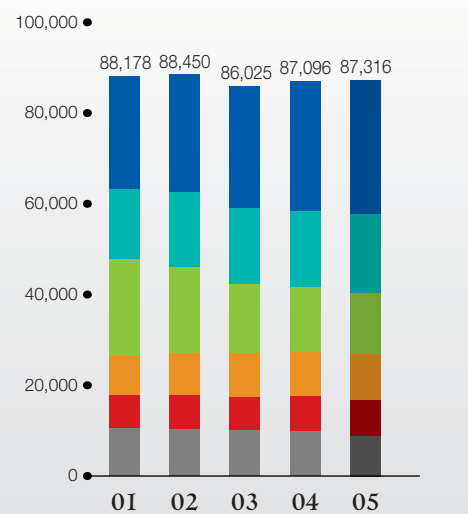
(Thousand cases)



Note: Post mix refers mainly to diluted drinks sold in paper cup-dispensing vending machines.

Sales by channel

(Thousand cases)



Corporate Social Responsibility—Contributing to Society

Committed to being a good corporate citizen, the CCWJ Group always thinks and acts from a social standpoint. Consequently, CCWJ is involved in a range of activities that contribute to local communities and the environment. CCWJ allocates a fixed portion of earnings every year to fund these ongoing activities with the understanding and support of shareholders.

Contributions to Regional Society

Funda- mental Stance

Together With Society

CCWJ's support for the healthy development of youth and its efforts to promote closer communication with target regions consists of four elements: support for community welfare, sponsorship of sports activities, patronage of cultural events and educational programs, and support of regional events.



● Coca-Cola West Japan Family Musical

This musical hosted during summer vacation caters to parents and children, with members of the local community chosen by random draw to attend.



● Operation of the Ichimura Nature School in Kyushu

Founded on the fundamental philosophy that learning from the land helps to foster a zest for life, this facility uses plant cultivation and cooperative living to help children develop into well-balanced, mature young people.



● Sawayaka Classical Concert

Members of the local community are drawn from entries and invited to attend this high-quality, full-fledged classical music event.



● Sawayaka Concert

Hosted during summer vacation for parents and their children, this entertaining concert brings together local orchestras and notable guest singers.

Cultural and Educational Activities



● Japan Expo Kitakyushu 2001



● Japan Expo Yamaguchi 2001



● The 60th National Sports Festival, Okayama Prefecture



- **Donation of educational materials to special schools**
CCWJ donates PCs and other educational materials to special state schools with the hope of helping children at these schools lead independent lives.

Social Welfare Services

Contributions to Regional Society



Sports Activities



- **Sawayaka Rugby Clinic**
Members of the CCWJ Rugby Team teach the fundamentals of the game to elementary, junior high and senior high school students.



- **Coca-Cola West Japan Youth Soccer Tournament**
Representative teams drawn from prefectures in CCWJ's operating area take part in this tournament held at the Sawayaka Sports Plaza.



- **Donation of unicycles to elementary schools**
CCWJ donates unicycles to public elementary schools to help children hone their sense of balance.

Regional Events



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

Environmental Activities

Basic Philosophy

An Industry Leader on Environmental Issues

CCWJ recognizes the debt of gratitude it owes to its customers and regional communities, which it repays through efforts to beautify and preserve the environment and recycle resources. All employees throughout the CCWJ Group take responsibility for the environment in their workplaces and contribute to building a comfortable and abundant society.

Action Plan

- Offer clean, safe products and services
- Promote more efficient energy use to help prevent global warming
- Use water effectively to conserve this precious resource
- Work to reduce and recycle waste to help realize a recycling-oriented society
- Take steps to procure highly recyclable and environmentally friendly materials
- Vigorously develop regional environmental activities
- Educate employees through training and promotional programs to raise environmental awareness

Fight Against Global Warming



(Natural gas cogeneration system)

● Plan to reduce greenhouse gases formulated

Through the effective operation of an environmental management system certified to the international ISO 14001 standard, and the Coca-Cola system's own "eKO" environmental management system, CCWJ employees are working on a daily basis in conjunction with company initiatives to reduce emissions of greenhouse gases, seen as one of the causes of global warming. Compared to levels in 2000, CCWJ is aiming to reduce emission volume by 20%, or 45% per unit of output, by 2007.

Procuring Green Products

● Purchase of Green Products

In accordance with Green Purchasing Procedures, CCWJ actively buys goods with a low environmental impact in pursuit of its environmental conservation and recycling objectives.

● Introduction of Eco-vehicles

CCWJ is promoting the "Eco-Drive" concept by proactively adding hybrid and natural gas-powered vehicles to its delivery and sales fleet.



Creating a Recycling Society



● Operation of the Kitakyushu Sawayaka Recycling Center

In 2003, construction of the Kitakyushu Sawayaka Recycling Center was completed in the Ecotown area of Kitakyushu City. This center collects and recycles empty cans, glass bottles and PET bottles from sites in Fukuoka and Saga prefectures. The facility recycles approximately 9,000 tons of empty containers annually.



● School Biotope Operations

CCWJ assists children in joining with teachers, parents, guardians and members of the local community to build wildlife refuges by hand. These refuges are designed by the children themselves. CCWJ provides environmental education tools so that children can learn about the splendor and importance of the natural environment.

Supporting Environmental Education



● Coca-Cola Ecology School

Under the guidance of environmental education instructors, and with the trees, insects and other wildlife in the countryside as the textbook, CCWJ holds environmental education classes that provide important experiences for coexisting with nature.



● School Tree Planting

This program, with the theme, "Let's create an oak forest," aims to foster an appreciation and love of nature in children by inviting them to become the "foster parents" of seedlings grown from acorns. Students then get the experience of replanting the tree on the local mountainside when it has grown into a larger sapling.

Cleaning Up Local Communities



● Coca-Cola Clean Day

With the aim of self-enlightenment on environmental issues for each and every employee of the Group, CCWJ runs its Clean Day activities on the 8th of every month in regional communities.

Environmental Activities



Operating Performance

Overview of Fiscal 2005 Operating Results

Net Revenues

Consolidated net revenues declined ¥7,373 million, or 2.9%, to ¥245,874 million. Despite higher sales volume in the Group's operating area, this was primarily the result of changes in the composition of the product lineup that impacted on sales in monetary terms, and lower sales to other Coca-Cola bottlers in Japan due to changes to transaction methods associated with the start of full-scale operations at Coca-Cola National Beverage Co., Ltd. (CCNBC) (see note).

Note): CCNBC was established in April 2003 through joint investment by The Coca-Cola Company and Coca-Cola bottlers in Japan to build a nationwide supply chain management (SCM) structure for the Coca-Cola Group in Japan. Since starting operations in October 2003, the company has been responsible for all nationwide production and supply/demand plans and operational coordination. CCNBC also supplies products to each bottler.

Operating Income

Operating income declined ¥5,029 million, or 29.8%, to ¥11,830 million. This mainly reflected a drop in gross profit due to changes in the composition of the product lineup, as well as the absence of the amortization of past service obligations related to changes in the retirement benefits system in fiscal 2003, which boosted operating income in the previous fiscal year.

Recurring Income

Recurring income dropped ¥4,809 million, or 28.2%, to ¥12,256 million.

Net Income

Compared to fiscal 2004, net income fell ¥1,259 million, or 14.7%, to ¥7,305 million. This was despite a significant increase in extraordinary income such as a lump-sum amortization of actuarial difference accompanying return of a trust for retirement benefits. As a result, net income per share declined by ¥15.38 to ¥93.42.

Dividends

The dividend per share for fiscal 2005 was ¥40, representing a dividend payout ratio of 39.3%.

Operating Results by Segment

Manufacturing and Marketing of Beverages & Foods

In terms of brand strategy, the segment rolled out a range of new sales campaigns and promotions for core brands. Specific initiatives included a complete redesign of packaging for Georgia coffee products and the launch of new products Georgia Grande, Hajime and Aquarius Active Diet. The segment's strategy in the vending machine sales channel involved creating product lineups tailored to specific vending machine locations, and increasing the number of units in the network. In the chain store sales channel, the segment worked to effectively launch products with more easy-to-use packaging and create more appealing retail spaces by implementing highly targeted marketing activities and other initiatives. The segment also realigned its network of sales sites to create a more powerful marketing structure focused on consumers and customers. This was supported by efforts to increase product freshness and boost inventory management efficiency with the introduction of a product control system that employs handheld computer terminals.

In terms of production and supply, the Company worked closely with CCNBC, which started full-scale operations in January 2005, to increase productivity and pare back costs.

Despite the above efforts, the Manufacturing and Marketing of Beverages & Foods segment reported a 3.8% decline in revenues to ¥239,791 million before the elimination of intersegment transactions. Operating income dropped 24.3% to ¥16,440 million.

Other Businesses

This segment, which includes distribution and vending machine-related operations, generated revenues before the elimination of intersegment transactions of ¥19,359 million, up 0.6%, mainly due to ongoing efforts to enhance service quality. Operating income declined 28.9% to ¥504 million.

Financial Position

Compared to the end of the previous fiscal year, total assets increased ¥1,495 million, or 0.7%, to ¥208,711 million. Current assets declined ¥8,867 million, or 14.9%. This mainly reflected a decrease in inventories due to the transfer of products at factories and warehouses to CCNBC as this company began full-scale operations. Total fixed assets rose ¥10,362 million, or 7.0%, primarily attributable to an increase in investment securities due to the purchase of bonds and other actions.

Total current liabilities decreased ¥6,671 million, or 27.3%, compared with a year ago, principally due to a drop in trade notes and accounts payable related to changes in product payment terms as CCNBC began full-scale operations. In the year under review, CCWJ paid off all the Group's remaining short-term borrowings. Total long-term liabilities, meanwhile, increased ¥1,562 million, or 13.8%, compared to the previous fiscal year-end.

Shareholders' equity increased ¥6,572 million, or 3.9%, to ¥173,608 million. As a result, the shareholders' equity ratio rose 2.6 percentage points from 80.6% to 83.2%, while equity per share increased approximately 4.0% from ¥2,149.99 to ¥2,228.79.

Cash Flows

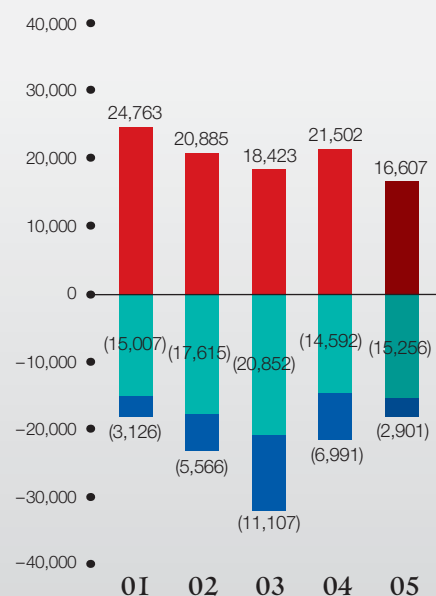
Cash and cash equivalents at end of year stood at ¥20,238 million, a drop of ¥1,549 million, or 7.1%, compared to a year earlier.

Operating activities provided net cash of ¥16,607 million, down 22.8% year on year. This chiefly reflected a drop in trade notes and accounts payable related to changes in payment terms for products purchased from CCNBC, which began full-scale operations, and a decline in income before income taxes, minority interests and other adjustments.

Investing activities used net cash of ¥15,256 million, an increase of 4.6% year on year. This was mainly attributable to cash used for the acquisition of fixed assets. In the previous year, investing activities generated significant cash inflows from the dissolution of a bond investment trust. In the year under review, a similar level of cash was generated by proceeds from sales of fixed assets in real estate-related operations.

Financing activities used net cash of ¥2,901 million, 58.5% less than a year earlier. This decline mainly reflected the absence of major repurchases of treasury stock carried out in fiscal 2004 as part of the Company's capital strategy.

Cash flows
(Millions of yen)



■ From operating activities
■ From investing activities
■ From financing activities

Consolidated Balance Sheets

(As of December 31, 2003, 2004 and 2005)

(Millions of yen)

	2003	2004	2005
ASSETS			
Current assets:			
Cash and deposits	¥ 15,295	¥ 15,524	¥ 13,101
Trade notes and accounts receivable	13,175	13,669	11,994
Marketable securities	7,141	8,923	7,706
Inventories	12,570	12,762	7,169
Deferred tax assets	841	812	728
Other current assets	8,227	7,930	10,040
Allowance for doubtful accounts	(118)	(81)	(67)
Total current assets	57,134	59,540	50,673
Fixed assets:			
Property, plant and equipment:			
Buildings and structures	18,852	18,559	18,856
Machinery, equipment and vehicles	14,674	14,252	13,981
Sales equipment	17,740	17,196	15,253
Land	34,722	34,389	34,369
Construction in progress	44	93	425
Other property, plant and equipment	947	1,344	1,398
Total property, plant and equipment	86,982	85,837	84,285
Intangible assets:			
Goodwill on consolidation	118	34	—
Other intangible assets	2,599	2,808	2,925
Total intangible assets	2,718	2,843	2,925
Investments and other assets:			
Investment securities	40,636	47,369	60,348
Deferred tax assets	569	890	862
Advanced payments for retirement expenses	13,306	7,749	6,746
Other assets	3,097	3,265	3,111
Allowance for doubtful accounts	(264)	(279)	(241)
Total investments and other assets	57,344	58,995	70,826
Total fixed assets	147,045	147,676	158,038
Total assets	¥204,180	¥207,216	¥208,711

(Millions of yen)

	2003	2004	2005
LIABILITIES			
Current liabilities:			
Trade notes and accounts payable	¥ 8,950	¥ 7,891	¥ 2,809
Current portion of long-term debt	203	203	—
Accrued income taxes	2,924	3,743	2,166
Other accounts payable	5,426	7,125	7,787
Notes payable for equipment	667	96	183
Other current liabilities	5,681	5,390	4,833
Total current liabilities	23,853	24,451	17,780
Long-term liabilities:			
Deferred tax liabilities	5,880	6,911	9,785
Allowance for employees' retirement benefits	3,394	3,146	2,768
Liabilities for directors' and corporate auditors' retirement benefits . .	323	345	206
Goodwill on consolidation	—	—	48
Other long-term liabilities	996	963	120
Total long-term liabilities	10,595	11,366	12,929
Total liabilities	34,449	35,817	30,709
MINORITY INTERESTS			
Minority interests	4,276	4,362	4,394
SHAREHOLDERS' EQUITY			
Common stock	15,231	15,231	15,231
Additional paid-in capital	35,399	35,400	35,399
Retained earnings	122,372	127,849	131,982
Net unrealized gains on other marketable securities	411	449	2,437
Treasury stock (at cost)	(7,960)	(11,895)	(11,442)
Total shareholders' equity	165,454	167,036	173,608
Total liabilities, minority interests and shareholders' equity	¥204,180	¥207,216	¥208,711

Consolidated Statements of Income

(Years ended December 31, 2003, 2004 and 2005)

(Millions of yen)

	2003	2004	2005
Net revenues	¥240,825	¥253,248	¥245,874
Cost of goods sold	132,995	139,675	138,351
Gross profit	107,829	113,572	107,523
Selling, general and administrative expenses	88,191	96,712	95,693
Operating income	19,638	16,860	11,830
Non-operating income	1,100	1,090	1,183
Interest income	254	273	339
Dividends	35	37	160
Equity in earnings of affiliates	59	44	36
Property rental income	294	294	224
Other non-operating income	456	440	422
Non-operating expenses	843	884	758
Interest expense	22	8	—
Loss on disposal of property, plant and equipment	441	463	362
Property rental costs	188	135	95
Other non-operating expenses	191	276	300
Recurring income	19,895	17,065	12,256
Extraordinary income	231	158	2,045
Gain on sales of property, plant and equipment	231	71	117
Gain on sales of investment securities	—	86	53
Proceeds from government assistance grants	—	—	62
Compensation for expropriations	—	—	121
Amortization of actuarial difference from return of trust for retirement benefits	—	—	1,689
Extraordinary losses	2,141	2,564	2,100
Loss on sales of property, plant and equipment	45	161	66
Impairment loss	—	505	208
Water damage losses	43	—	—
Loss from typhoon damage	—	168	—
Loss from earthquake damage	—	—	61
Loss on sales of investment securities	31	—	—
Loss on disposals of property, plant and equipment	17	88	11
Compensation for retirement of fixed assets	—	—	372
Write-down of investment securities	97	40	93
Write-down of golf club memberships	189	55	—
Expense for restructuring of subsidiaries	753	—	—
Expense for realignment of sales structure of subsidiaries	—	383	—
Expense for change of subsidiary name	—	—	33
Product disposal losses	269	—	—
Product valuation losses	112	—	—
Flavoring problem countermeasure losses	113	—	—
Quality problem countermeasure losses	466	—	—
Expense for compatibility with new currency	—	583	1,103
Lump-sum amortization of adjustments accompanying partial reimbursement of trust for retirement benefits	—	576	—
Additional collection of liquor taxes	—	—	149
Income before income taxes, minority interests and other adjustments	17,985	14,659	12,201
Income taxes	3,768	5,310	3,222
Income tax deferred	5,532	707	1,632
Minority interests	(695)	76	40
Net income	¥ 9,380	¥ 8,564	¥ 7,305

Consolidated Statements of Shareholders' Equity

(Years ended December 31, 2003, 2004 and 2005)

(Millions of yen)

	2003	2004	2005
Capital surplus:			
Capital surplus at beginning of year	¥ 35,399	¥ 35,399	¥ 35,400
Increase in capital surplus	—	0	—
Differences from cancellation of treasury stock	—	0	—
Decrease in capital surplus	—	—	0
Gain on cancellation of treasury stock	—	—	0
Capital surplus at end of year	35,399	35,400	35,399
Retained earnings:			
Retained earnings at beginning of year	115,771	122,372	127,849
Increase in retained earnings	9,380	8,564	7,305
Net income	9,380	8,564	7,305
Decrease in retained earnings	2,779	3,087	3,173
Dividends	2,738	3,057	3,106
Bonus to directors and corporate auditors	41	30	38
Loss on cancellation of treasury stock	—	—	27
Retained earnings at end of year	¥122,372	¥127,849	¥131,982

Consolidated Statements of Cash Flows

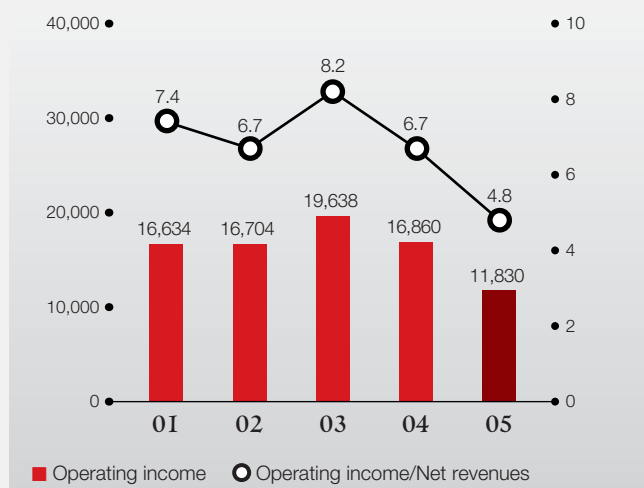
(Years ended December 31, 2003, 2004 and 2005)

(Millions of yen)

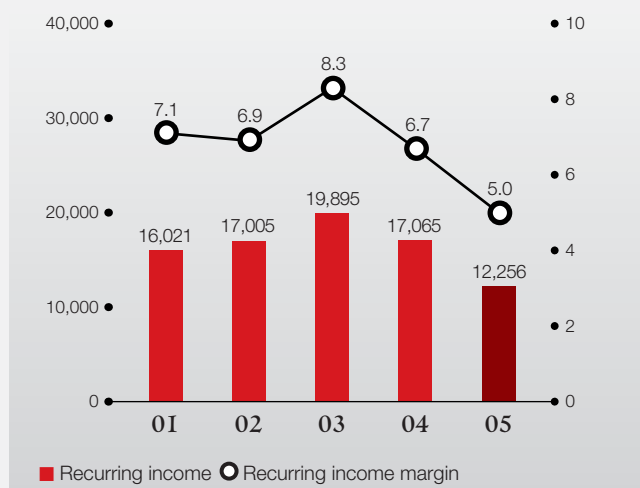
	2003	2004	2005
Cash flows from operating activities:			
Income before income taxes, minority interests and other adjustments	¥17,985	¥14,659	¥12,201
Depreciation and amortization	15,888	14,927	13,860
Impairment gains	—	505	208
Write-off of consolidation adjustment account	132	83	83
Increase (decrease) in liabilities for directors' and corporate auditors' retirement benefits	(49)	21	(139)
Decrease in liabilities for retirement benefits	(289)	(247)	(378)
Decrease (increase) in advanced payments for retirement expenses	(9,196)	5,556	1,002
Increase in investment securities from partial reimbursement of trust for retirement benefits	—	(8,722)	—
Increase in investment securities from return of trust for retirement benefits	—	—	(4,644)
Interest and dividend income	(290)	(310)	(500)
Interest expense	22	8	—
Equity in losses (earnings) of affiliates	(59)	(44)	(36)
Loss (gain) on sales of marketable and investment securities	62	38	(32)
Write-down of marketable and investment securities	97	40	93
Gain (loss) on sales of fixed assets	(181)	112	(38)
Loss on disposals of fixed assets	353	460	394
Decrease (increase) in accounts receivable	(1,511)	(493)	1,675
Decrease (increase) in inventories	(209)	(191)	5,592
Increase (decrease) in other assets	(565)	68	(2,001)
Decrease (increase) in accounts payable	1,163	(1,058)	(5,082)
Increase (decrease) in other liabilities	939	241	(1,020)
Payment of directors' bonuses	(41)	(30)	(38)
Other, net	194	72	(84)
Subtotal	24,445	25,697	21,113
Interest and dividends received	262	304	480
Interest paid	(20)	(8)	—
Expenses for lump-sum transfer	(4,516)	—	—
Income taxes paid	(1,746)	(4,491)	(4,985)
Net cash provided by operating activities	18,423	21,502	16,607
Cash flows from investing activities:			
Acquisition of marketable and investment securities	(12,121)	(5,718)	(6,023)
Proceeds from sales of marketable and investment securities	3,118	5,682	3,030
Acquisition of fixed assets	(14,575)	(15,049)	(15,642)
Proceeds from sales of fixed assets	2,896	511	3,163
Increase in loans to affiliates	(192)	—	—
Proceeds from collection of loans to affiliates	—	62	62
Increase in time deposits	—	(100)	(0)
Proceeds from refund of time deposits	10	15	150
Other, net	12	3	3
Net cash used in investing activities	(20,852)	(14,592)	(15,256)
Cash flows from financing activities:			
Decrease in short-term borrowings	(180)	—	—
Repayment of long-term debt	(130)	—	(203)
Redemption of convertible bonds	(2,154)	—	—
Payments for acquisition of treasury stock	(5,874)	(3,937)	(14)
Proceeds from sales of treasury stock	—	3	439
Dividends paid	(2,738)	(3,057)	(3,106)
Dividends paid to minority interests	—	—	(15)
Other, net	(30)	—	—
Net cash used in financing activities	(11,107)	(6,991)	(2,901)
Net decrease in cash and cash equivalents	(13,536)	(81)	(1,549)
Cash and cash equivalents, beginning of year	35,406	21,869	21,788
Cash and cash equivalents at end of year	¥21,869	¥21,788	¥20,238

Financial Data

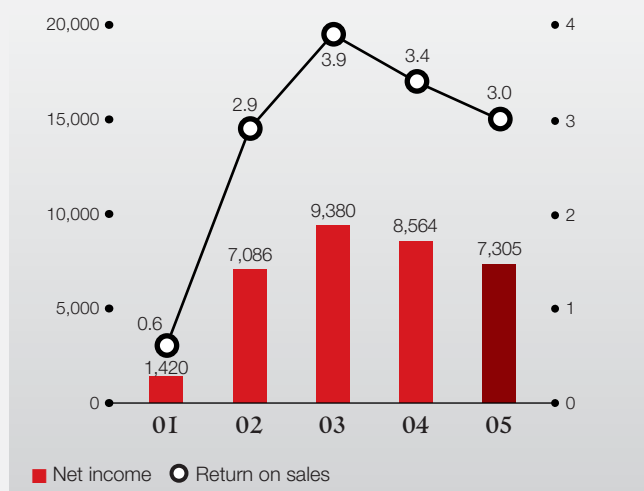
Operating income (Millions of yen)
Operating income/Net revenues (%)



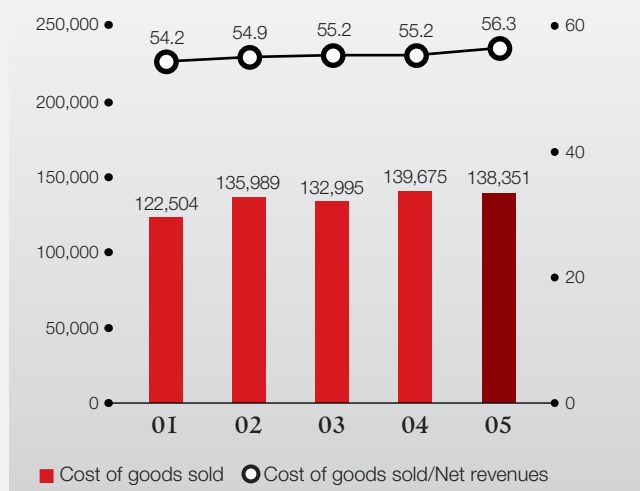
Recurring income (Millions of yen)
Recurring income margin (%)



Net income (Millions of yen)
Return on sales (%)



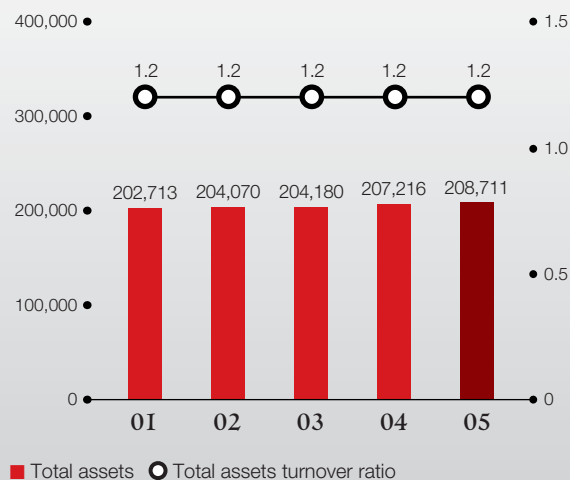
Cost of goods sold (Millions of yen)
Cost of goods sold/Net revenues (%)



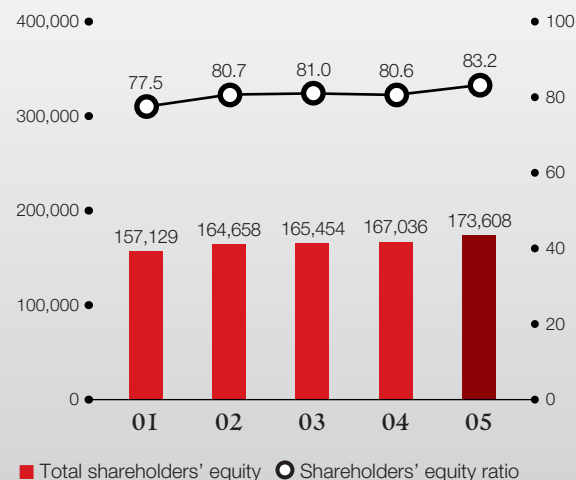
(Millions of yen)

	2001	2002	2003	2004	2005
Operating income	16,634	16,704	19,638	16,860	11,830
Operating income/Net revenues (%)	7.4	6.7	8.2	6.7	4.8
Recurring income	16,021	17,005	19,895	17,065	12,256
Recurring income margin (%)	7.1	6.9	8.3	6.7	5.0
Net income	1,420	7,086	9,380	8,564	7,305
Return on sales (%)	0.6	2.9	3.9	3.4	3.0
Cost of goods sold	122,504	135,989	132,995	139,675	138,351
Cost of goods sold/Net revenues (%)	54.2	54.9	55.2	55.2	56.3

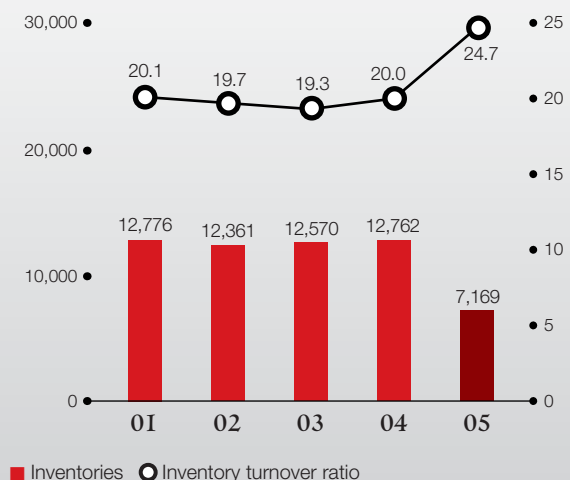
Total assets (Millions of yen)
Total assets turnover ratio (Times)



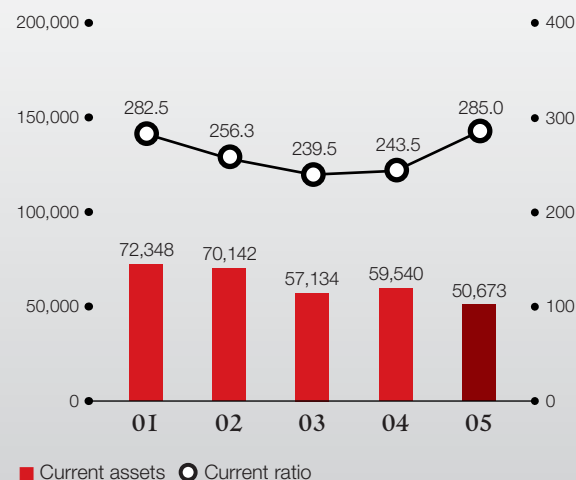
Total shareholders' equity (Millions of yen)
Shareholders' equity ratio (%)



Inventories (Millions of yen)
Inventory turnover ratio (Times)



Current assets (Millions of yen)
Current ratio (%)



	2001	2002	2003	2004	(Millions of yen) 2005
Total assets	202,713	204,070	204,180	207,216	208,711
Total assets turnover ratio (Times)	1.2	1.2	1.2	1.2	1.2
Total shareholders' equity	157,129	164,658	165,454	167,036	173,608
Shareholders' equity ratio (%)	77.5	80.7	81.0	80.6	83.2
Inventories	12,776	12,361	12,570	12,762	7,169
Inventory turnover ratio (Times)	20.1	19.7	19.3	20.0	24.7
Current assets	72,348	70,142	57,134	59,540	50,673
Current ratio (%)	282.5	256.3	239.5	243.5	285.0

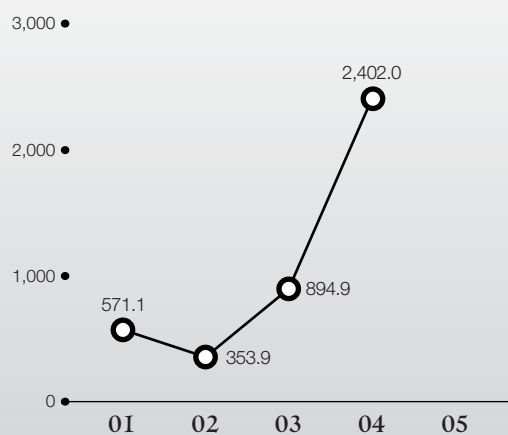
Assets turnover ratio = Net revenues / The average of assets at the beginning and end of the fiscal period

Shareholders' equity ratio = Shareholders' equity / Total assets

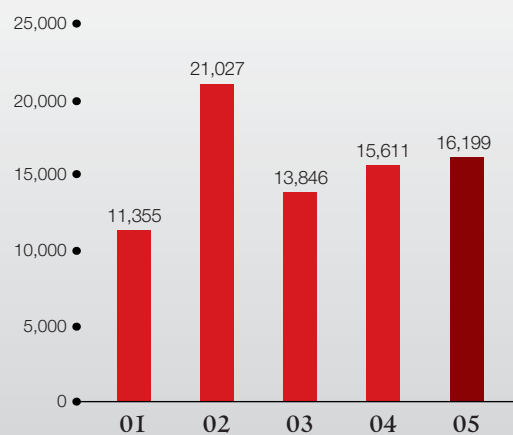
Inventory turnover ratio = Net revenues / The average of inventory taken at the beginning and end of the fiscal period

Current ratio = Current assets / Current liabilities

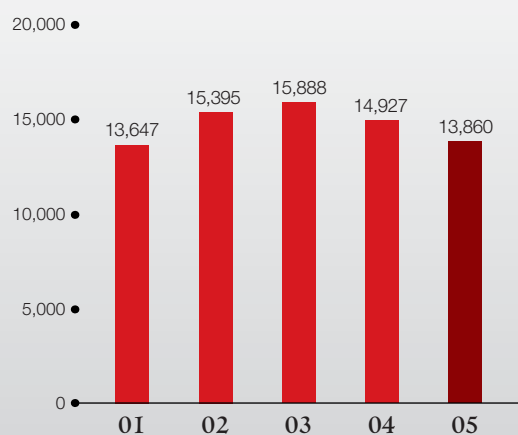
Interest coverage ratio (Times)



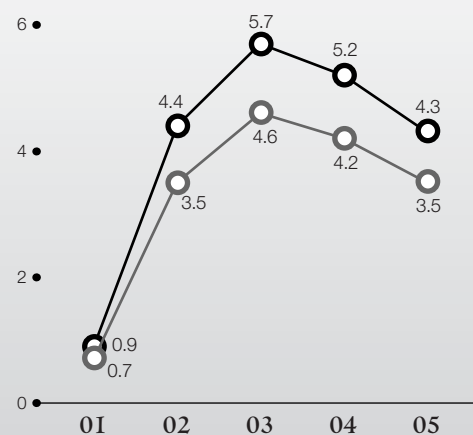
Capital expenditures (Millions of yen)



Depreciation and amortization (Millions of yen)



Return on equity (ROE) (%) Return on assets (ROA) (%)



(Millions of yen)

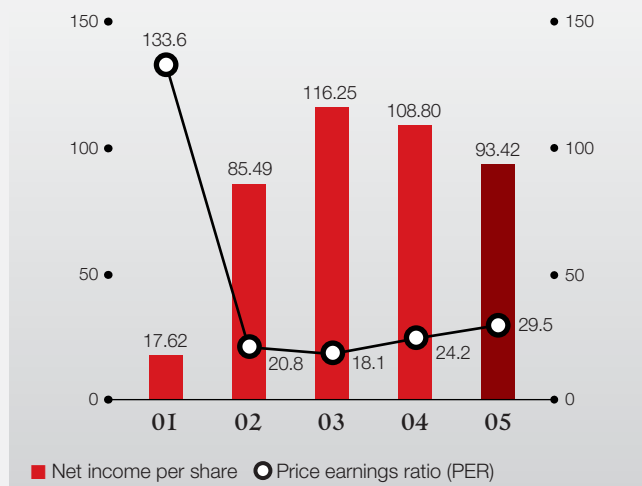
	2001	2002	2003	2004	2005
Interest coverage ratio (Times)	571.1	353.9	894.9	2,402.0	—
Capital expenditures	11,355	21,027	13,846	15,611	16,199
Depreciation and amortization	13,647	15,395	15,888	14,927	13,860
Return on equity (ROE) (%)	0.9	4.4	5.7	5.2	4.3
Return on assets (ROA) (%)	0.7	3.5	4.6	4.2	3.5

Interest coverage ratio = (Operating income + Interest income and Dividends) / Interest expense

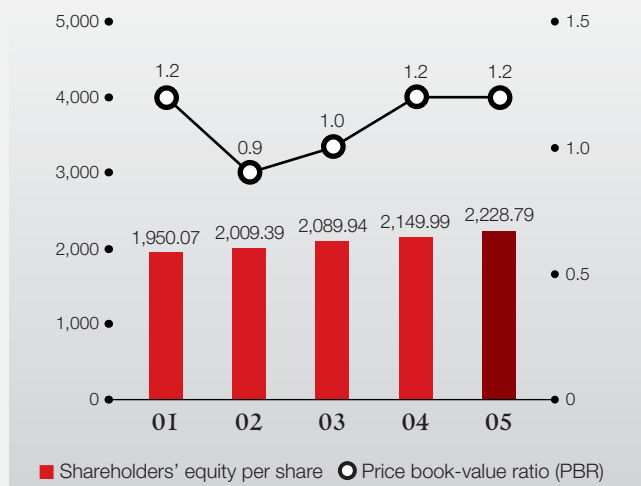
Return on equity = Net income / The average of shareholders' equity at the beginning and end of the fiscal period

Return on assets = Net income / The average of assets at the beginning and end of the fiscal period

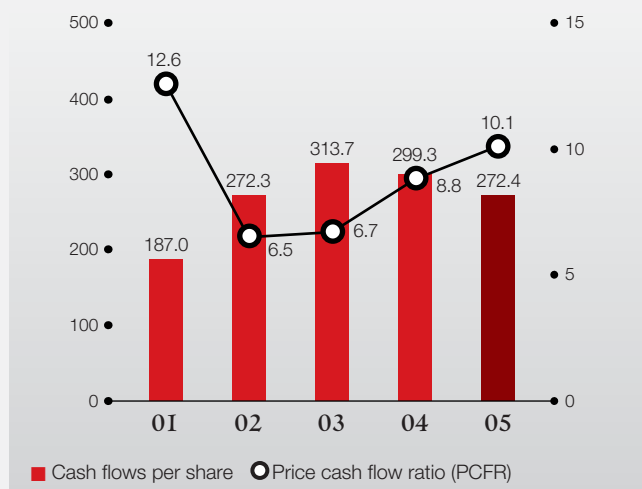
Net income per share (Yen)
Price earnings ratio (PER) (Times)



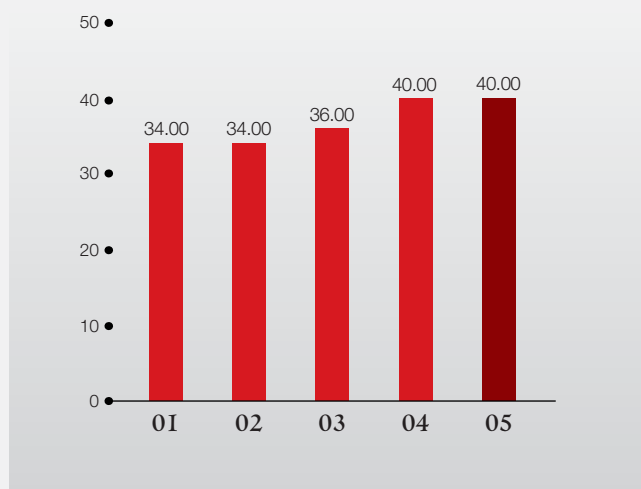
Shareholders' equity per share (Yen)
Price book-value ratio (PBR) (Times)



Cash flows per share (Yen)
Price cash flow ratio (PCFR) (Times)



Dividend per share (Yen)



	2001	2002	2003	2004	(Yen) 2005
Net income per share	17.62	85.49	116.25	108.80	93.42
Price earnings ratio (PER) (Times)	133.6	20.8	18.1	24.2	29.5
Shareholders' equity per share	1,950.07	2,009.39	2,089.94	2,149.99	2,228.79
Price book-value ratio (PBR) (Times)	1.2	0.9	1.0	1.2	1.2
Cash flows per share	187.0	272.3	313.7	299.3	272.4
Price cash flow ratio (PCFR) (Times)	12.6	6.5	6.7	8.8	10.1
Dividend per share	34.00	34.00	36.00	40.00	40.00

Net income per share = Net income / The average number of shares during the period

Price earnings ratio = Market value at the end of the period / Net income per share

Shareholders' equity per share = Shareholders' equity / The number of shares outstanding at the end of the period

Price book-value ratio = Market value at the end of the period / Shareholders' equity per share

Cash flows per share = Cash flows / The average number of shares during the period

Price cash flow ratio = Market value at the end of the period / Cash flows per share

Six-year Summary

(Millions of yen)

	2000	2001	2002	2003	2004	2005
Net revenues	¥ 207,827	¥ 226,111	¥ 247,737	¥ 240,825	¥ 253,248	¥245,874
Operating income	17,449	16,634	16,704	19,638	16,860	11,830
Recurring income	18,516	16,021	17,005	19,895	17,065	12,256
Recurring income margin (%)	8.9	7.1	6.9	8.3	6.7	5.0
Net income	5,700	1,420	7,086	9,380	8,564	7,305
Net income per share (Yen)	77.83	17.62	85.49	116.25	108.80	93.42
Return on sales (%)	2.7	0.6	2.9	3.9	3.4	3.0
Total assets	181,637	202,713	204,070	204,180	207,216	208,711
Total shareholders' equity	157,604	157,129	164,658	165,454	167,036	173,608
Shareholders' equity ratio (%)	86.8	77.5	80.7	81.0	80.6	83.2
Shareholders' equity per share (Yen) . .	2,151.52	1,950.07	2,009.39	2,089.94	2,149.99	2,228.79
Return on equity (%)	3.7	0.9	4.4	5.7	5.2	4.3
Cash flows	20,175	15,067	22,481	25,268	23,491	21,165
Capital expenditures	14,634	11,355	21,027	13,846	15,611	16,199
Depreciation and amortization	14,475	13,647	15,395	15,888	14,927	13,860

Risk Information

Business results and other aspects of the Company's operations mentioned in this annual review are subject to a variety of risks. Those risks deemed most likely to have a significant impact on potential investment decisions are found below. The CCWJ Group is fully aware of the possibility of these risks and thus works to avoid them or deal effectively with them should they arise.

Statements herein regarding future events or assumptions reflect the judgment of the CCWJ Group as of March 27, 2006.

(1) Business agreements with The Coca-Cola Company of the United States and Coca-Cola (Japan) Co., Ltd.

CCWJ and consolidated subsidiary Mikasa Coca-Cola Bottling Co., Ltd. conduct business activities based on a manufacturing licensing agreement with The Coca-Cola Company, Coca-Cola (Japan) and CCNBC, and a distribution licensing agreement with The Coca-Cola Company and Coca-Cola (Japan).

(2) Business ties with CCNBC

CCWJ has an equity interest in CCNBC, a company established to consolidate and oversee procurement, manufacturing and distribution operations nationwide for the Coca-Cola Group in Japan, and to build an optimal nationwide supply chain structure, thereby reducing costs. CCNBC's operations are conducted in partnership with CCWJ and other Coca-Cola bottlers across Japan. The future progress and status of cost-cutting plans of CCNBC could potentially impact the operating results of the CCWJ Group.

(3) Quality assurance

Beverages are the core product of the CCWJ Group. The Group makes every effort to raise employee awareness regarding quality and implements programs aimed at preventing incidents concerning quality in order to offer its customers (consumers) high-quality and reliable beverages. Nevertheless, in the event of an incident related to product quality, the Company's brand image could be tarnished, irrespective of whether or not the CCWJ Group was actually at fault. An incident of this nature could adversely affect the operating results of the CCWJ Group.

(4) The soft drink industry

① Market competitiveness

Sales of beverages, the CCWJ Group's core products, are readily influenced by changes in customer (consumer) preference. In a beverage market of this kind, the CCWJ Group strives to continuously offer appealing products and services. Nevertheless, failure to amply forecast market changes could potentially affect the operating results of the CCWJ Group.

② Impact of weather-related factors

Weather conditions tend to have an effect on the sales of beverages, the CCWJ Group's core products. Cool summers or warm winters, for example, often have a significant impact on customer (consumer) demand. Although the CCWJ Group makes every effort to minimize the influence of weather-related factors on sales, the Group offers no guarantee that it can completely eliminate the effect of such factors.

(5) Impact of economic conditions

① Trends in personal consumption

Sales of beverages, the CCWJ Group's core products, are closely linked to trends in personal consumption. Current economic conditions in Japan suggest that a rapid recovery in personal consumption is unlikely. A sudden decline in personal consumption, however, could adversely affect the operating results of the CCWJ Group.

② Fluctuations in asset value

Fluctuations in the value of land, marketable securities and other assets owned by the CCWJ Group could potentially impact the Group's operating results and financial position. Marketable securities with a fair value, for example, are subject to changes in fair market value in capital markets because that is how they are valued.

(6) Public regulations

The CCWJ Group's Manufacturing and Marketing of Beverages & Foods segment is subject to a number of regulations in Japan, including the Act Against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act) and the Food Sanitation Law. The Group fully complies with these and all other regulations in its commitment to providing safe and reliable products. Accordingly, tougher regulations, for example, might incur new compliance costs, which could potentially affect the operating results of the CCWJ Group.

(7) Management of personal information

The CCWJ Group holds large volumes of personal information. In handling this information, the Group works on a unified basis to formulate and adhere to related guidelines and implement ongoing training and educational activities. However, an external leak of personal information could lead to a deterioration of trust in CCWJ and potentially impact the operating results of the CCWJ Group.

(8) Impact of disasters

The CCWJ Group has a system in place to minimize the effects of power outages, as well as other scenarios for which assumptions must be made, on its business operations. Typhoons, earthquakes and other natural disasters, however, could trigger conditions that exceed these assumptions. Conditions of this magnitude could potentially impact the operating results and financial position of the CCWJ Group.

Stock Information

(As of December 31, 2005)

Authorized shares: 270,000,000

Outstanding shares: 82,898,654

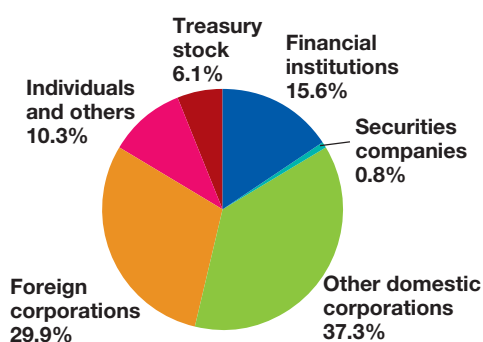
Number of shareholders: 14,378

Major shareholders:

Shareholders	Number of shares held (Thousands)	Percentage of shares (%)
Ricoh Company, Ltd.	16,792	21.6
The New Technology Development Foundation	5,294	6.8
Coca-Cola Holdings West Japan, Inc.	4,074	5.2
The Chase Manhattan Bank, NA London	2,614	3.4
The Nishi-Nippon City Bank, Ltd.	3,837	4.9
Mellon Bank Treaty Clients Omnibus	3,703	4.8
State Street Trust & Banking Co., Ltd.	2,477	3.2
Japan Trustee Services Bank, Ltd. (Trust account)	3,675	4.7
Showa Tansan Co., Ltd.	1,591	2.0
Kazue Takakura	1,338	1.7

Note: The Company owns 5,025,000 shares of treasury stock. This shareholding is not shown in the table and has not been included in the calculation of voting rights (percentage of shares).

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



<Composition of shareholders>

	Number of shareholders	Number of shares (Thousands)
Financial institutions	61	12,899
Securities companies	23	661
Other domestic corporations	298	30,933
Foreign corporations	204	24,817
Individuals and others	13,791	8,561
Treasury stock	1	5,025

	2001	2002	2003	2004	2005
PER (Times)	133.6	20.8	18.1	24.2	29.5
PBR (Times)	1.2	0.9	1.0	1.2	1.2
FY-end stock price (Yen)	2,355	1,775	2,100	2,630	2,755
Dividend (Yen)	34.00	34.00	36.00	40.00	40.00
Payout ratio (%)	108.9	52.1	28.3	37.7	39.3
Dividend-on-equity ratio (%)	1.8	1.7	1.8	1.9	1.8

Credit Rating Information

	2001	2002	2003	2004	2005
Japan Credit Rating Agency, Ltd. Long-term credit rating	AA ⁻	AA ⁻	AA ⁻	AA ⁻	AA⁻
Rating and Investment Information, Inc. Long-term credit rating	A ⁺	A ⁺	A ⁺	A ⁺	A⁺

Corporate Governance

CCWJ's fundamental stance on corporate governance is to improve management efficiency and transparency, while striving to maximize shareholder value.

(1) Corporate Governance System

① Status of Related Internal Bodies

- Corporate Auditor System or Company With Committees System

CCWJ has adopted the Corporate Auditor system in accordance with its decision to separate decision-making and management oversight from business execution through a restructuring of the Board of Directors and the adoption of the corporate executive officer system in March 1999.

- Outside Directors and Corporate Auditors

At present, six of CCWJ's ten directors and three of its five corporate auditors are from outside the Group.

- Overview of Committees

In 2001, the Company established executive Nomination and Remuneration committees. Acting in an advisory capacity to the Board of Directors, these committees, comprising representative and outside directors, bring greater transparency and fairness to the selection of directors and corporate auditors, and ensure that remuneration for directors is appropriate.

- Support for Outside Appointments

Outside directors are supported by the General Affairs Department, while outside corporate auditors are supported by the Audit Office.

- Business Execution and Management Oversight

Outside appointments comprise more than half the members of both the Board of Directors and the Board of Corporate Auditors. This gives CCWJ the capacity to sufficiently monitor business execution by directors and also allows it to draw on independent third-party advice from external experts appointed as outside directors.

Directors and corporate auditors also fully monitor how executives conduct business operations. This includes participating in meetings of the executive committee, which is made up of executive officers, as well as other key company meetings. When questions arise during the course of business execution, CCWJ consults attorneys, CPAs and other specialists for advice on determining the best way to proceed.

② Risk Management System

CCWJ has formulated a set of crisis management guidelines. These guidelines, which executives and employees are made fully aware of, are designed to minimize damage in the event of a crisis by preventing confusion within the Group and ensuring a rapid and appropriate response.

The CCWJ Group believes that compliance with all applicable laws and regulations, and the spirit in which they are written, is fundamental to its business activities, as is the proper observance of social norms and customary business practices. This belief is enshrined in a code of conduct created to encourage a compliance mindset among all CCWJ Group directors and employees.

③ Audit System

- Participating Personnel and Organizations

CCWJ aims to comply with corporate rules and regulations, carry out appropriate corporate activities and operational management, and protect its assets. To help it achieve these goals, CCWJ has established an Audit Office within the Internal Audit Department. The office has five staff and reports directly to the president.

Corporate auditors attend meetings of the Board of Directors, executive committee and other important company meetings. They also meet representative directors on a regular basis and examine the results of audits performed by the Audit Office. Using these and other methods, corporate auditors monitor the executive actions of directors and executive officers in accordance with relevant laws and regulations, the Company's own articles of incorporation and internal auditing standards.

The Audit Office carries out prior discussions with corporate auditors concerning its auditing policy and plans for each fiscal year. Corporate auditors also receive reports about the results of audits as needed. In addition, at the start of the fiscal year, the Company's independent auditor provides the corporate auditors with an explanation of its audit plans, and as needed, supplies information and reports to the auditors during and at the end of the audit process.

• Independent Auditor and Related Personnel

CCWJ has appointed KPMG AZSA & Co. as its independent auditor. The names of the firm's certified public accountants (engagement and management partners) that audit the Company's financial statements are listed below.

Name	Auditing Experience
Ken Komiyama	16 years
Tetsuzo Hamashima	1 year
Mikihiro Himeno	6 years

In addition to the above, the auditing team includes two CPAs and five assistant CPAs.

④ **Director and Corporate Auditor Remuneration**

Remuneration paid to directors and corporate auditors for the year under review was as follows.

Directors:	¥ 83 million
Corporate auditors:	¥ 48 million
Total:	¥132 million

The Company also appropriated earnings to pay ¥31 million in bonuses to directors, and with the approval of the annual general meeting of shareholders, paid retirement benefits of ¥184 million to directors and ¥12 million to auditors.

⑤ **Audit Fees**

Fees paid to the Company's independent auditor KPMG AZSA & Co. for services relevant to the year under review were as follows.

Fees for services pursuant to Article 2-I of the Certified Public Accountant Law:	¥33 million
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(2) Conflicts of Interest

Three of the Company's six outside directors are representatives of companies that have business relationships with CCWJ. The remaining three outside directors have no personal, financial, business or other conflicts of interest with the Company.

The Company's three outside corporate auditors fulfill other roles in their capacities as the representative of an affiliated company, the representative of a partner financial institution, and as legal counsel.

(3) Initiatives to Strengthen Corporate Governance

① **Committee Activities**

The Company's Nomination and Remuneration committees convened in January 2005 and 2006. The committees discussed the following topics.

January 2005

- Nomination Committee: Examined director and corporate auditor candidates.
- Remuneration Committee: Examined bonuses for directors, retirement benefits for directors and corporate auditors, and remuneration and salaries for executives and other personnel.

Representative directors and outside directors attended meetings of both committees.

January 2006

- Remuneration Committee: Examined bonuses for directors and remuneration and salaries for executives and other personnel.

One of the Company's two representative directors and four of its six outside directors attended this committee meeting.

② **Other Initiatives**

As part of efforts to fulfill its corporate social responsibilities, the Company established a CSR Division in January 2005. Furthermore, in 2006, the Company decided to reduce the term of office for directors from two years to one. This move was taken to clarify management responsibilities and create a more dynamic management framework capable of responding rapidly to changes in the operating environment. At the same time, after reviewing executive remuneration, the Company abolished the retirement benefit system for directors and corporate auditors.

Going forward, the Company will continue to take steps to enhance corporate governance in the CCWJ Group.

Corporate Data

(As of December 31, 2005)

- Company name: Coca-Cola West Japan Company, Limited
- Head office: 7-9-66 Hakozaki, Higashi-ku, Fukuoka, Japan
- Established: December 20, 1960
- Paid-in capital: ¥15,231,000,000
- Employees: 5,093 (Consolidated)
- 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



Management

(As of April 1, 2006)

Directors

Representative Director	Masamitsu Sakurai	Chairman, Representative Director and President, Ricoh Company, Ltd.
Representative Director	Norio Sueyoshi	*
Director	Tadatsugu Harada	*
Director	Kouichi Morii	*
Director	Masahiko Uotani	President, Coca-Cola (Japan) Company, Limited
Director	Shingo Matsuo	President, Kyushu Electric Power Co., Inc.
Director	Kazuhiko Enomoto	Chairman, Fukuoka Jisho Co., Ltd. Chairman, Royal Holdings Co., Ltd.
Director	Susumu Ishihara	President, Kyushu Railway Company
Director	Yuji Inoue	Group Corporate Officer, Ricoh Company, Ltd. President, Ricoh Leasing Company, Ltd.
Director	Toshiaki Akahoshi	General Manager, Ricoh Company, Ltd., Fukuoka Branch President, Ricoh Kyushu Co., Ltd.

Note: *Executive Officer

Auditors

Executive Corporate Auditor	Yasumasa Niimi	
Executive Corporate Auditor	Ryuji Nakagawa	
Auditor	Tatsuo Hirakawa	Representative Director and Vice President, Ricoh Company, Ltd.
Auditor	Isanari Ohuchida	Representative Senior Managing Director, The Nishi-Nippon City Bank, Ltd.
Auditor	Takashi Matsuzaki	Attorney, Tokunaga, Matsuzaki & Saito Law Office Deputy Chairman, Japan Federation of Bar Associations

Executive Officers

President & CEO	Norio Sueyoshi	
Executive Vice President	Tadatsugu Harada	Assistant to President (Sales, Business Systems and SCM), and Chief Marketing Officer
Executive Vice President	Kouichi Morii	Assistant to President (Public Relations, CCWJ University, CSR, General Affairs, Administration)
Executive Corporate Officer	Hijiri Morita	Administration Division Manager
Senior Corporate Officer	Shinji Oda	CSR Division Manager
Senior Corporate Officer	Mitsuo Isobe	SCM Division Manager

Senior Corporate Officer	Masami Nomiyama	Market Development Division Manager
Senior Corporate Officer	Tatsuhiko Ike	Manager, Yamaguchi and Kitakyushu Branch
Senior Corporate Officer	Kazuaki Hisamatsu	Manager, Office of Investor Relations
Senior Corporate Officer	Katsuzou Tsugawa	Chain Store Sales Division Manager
Senior Corporate Officer	Shigejiro Sato	Business Systems Division Manager
Senior Corporate Officer	Naotake Tokieda	General Affairs Division Manager
Corporate Officer	Toshinori Seto	Manager, Partner Relationship Department
Corporate Officer	Yoshiaki Hamasaki	Manager, Saga and Nagasaki Branch
Corporate Officer	Tadanori Taguchi	Manager, Financial Affairs Department
Corporate Officer	Takashi Himeno	Manager, Fukuoka Branch
Corporate Officer	Yoshiki Asahara	Manager, Hiroshima Branch
Corporate Officer	Hideyasu Ishibashi	Manager, Okayama Branch
Corporate Officer	Yasunori Morishima	Manager, Sanin Branch
Corporate Officer	Toshio Fukami	Marketing Planning Division Manager
Corporate Officer	Yoshikazu Okazaki	Food Service Sales Division Manager

Group Executive Officers

Group Senior Corporate Officer	Takeaki Sueyasu	President, Mikasa Coca-Cola Bottling Co., Ltd.
Group Senior Corporate Officer	Katsuyoshi Kawabe	President, Coca-Cola West Japan Logistics Co., Ltd.
Group Senior Corporate Officer	Toshiki Miyake	President, Takamasamune Co., Ltd.
Group Senior Corporate Officer	Nobuji Kihara	Director and Executive Corporate Officer, Mikasa Coca-Cola Bottling Co., Ltd.
Group Senior Corporate Officer	Nobuo Shibata	President, Coca-Cola West Japan Products Co., Ltd.
Group Senior Corporate Officer	Junji Katsura	President, Coca-Cola West Japan Vending Co., Ltd.
Group Senior Corporate Officer	Yukio Sako	President, Nishinippon Beverage Co., Ltd.
Group Senior Corporate Officer	Takuo Shibata	Director and Senior Corporate Officer, Coca-Cola West Japan Products Co., Ltd.
Group Senior Corporate Officer	Masayuki Yamasaki	Managing Director and Plant Manager, Daisen Beverage Co., Ltd.
Group Corporate Officer	Mikitoshi Hagihara	Standard System Promotion Manager, Coca-Cola Beverage Service Co., Ltd.
Group Corporate Officer	Tsuneo Fukuda	Director and Corporate Officer, Coca-Cola West Japan Products Co., Ltd.

Group Companies

(As of April 1, 2006)

NISHINIHON BEVERAGE CO., LTD.

- Principal businesses: Beverage sales
- Head office: 5-1-6 Hakozakifuto, Higashi-ku, Fukuoka
- Paid-in capital: ¥100 million
- Representative: Yukio Sako

NICHIBEI CO., LTD.

- Principal businesses: Manufacture of processed foods
- Head office: 6-9 Wakazakura, Fujinokimachi, Tosu
- Paid-in capital: ¥80 million
- Representative: Akira Gohhara

COCA-COLA WEST JAPAN PRODUCTS CO., LTD.

- Principal businesses: Beverage production
- Head office: 1670-2 Nihonmatsu, Todorokimachi, Tosu
- Paid-in capital: ¥100 million
- Representative: Nobuo Shibata

TAKAMASAMUNE CO., LTD.

- Principal businesses: Production and sale of alcoholic beverages
- Head office: 297 Kuroda, Daizenjimachi, Kurume
- Paid-in capital: ¥90 million
- Representative: Toshiki Miyake

COCA-COLA WEST JAPAN VENDING CO., LTD.

- Principal businesses: Vending machine operations
- Head office: 7-9-66 Hakozaki, Higashi-ku, Fukuoka
- Paid-in capital: ¥80 million
- Representative: Junji Katsura

WEST JAPAN SERVICE CO., LTD.

- Principal businesses: Insurance, leasing, and real estate-related businesses
- Head office: 7-9-66 Hakozaki, Higashi-ku, Fukuoka
- Paid-in capital: ¥60 million
- Representative: Yasunori Muraoka

COCA-COLA WEST JAPAN CUSTOMER SERVICE CO., LTD.*

- Principal businesses: Vending machine-related businesses
- Head office: 871 Taniyama, Koga, Fukuoka
- Paid-in capital: ¥22 million
- Representative: Masazumi Gotoh

MIKASA COCA-COLA BOTTLING CO., LTD.

- Principal businesses: Beverage production and sales
- Head office: 643 Kabata-machi, Tenri, Nara
- Paid-in capital: ¥4,159 million
- Representative: Takeaki Sueyasu

COCA-COLA WEST JAPAN LOGISTICS CO., LTD.**

- Principal businesses: Freight transport operations
- Head office: 2-11-20 Higashisendamachi, Naka-ku, Hiroshima
- Paid-in capital: ¥70 million
- Representative: Katsuyoshi Kawabe

MIKASA LOGISTICS CO., LTD.

- Principal businesses: Freight transport operations
- Head office: 643 Kabata-machi, Tenri, Nara
- Paid-in capital: ¥50 million
- Representative: Masao Kuroda

*Name changed from Nishinohon Customer Service Co., Ltd. on April 1, 2005.

**Name changed from Logicom Japan Co., Ltd. on April 1, 2005.

MIKASA SERVICE CO., LTD.

- Principal businesses: Vending machine-related businesses
- Head office: 643 Kabata-machi, Tenri, Nara
- Paid-in capital: ¥90 million
- Representative: Nobutsugu Nakajima

MIKASA BEVERAGE SERVICE CO., LTD.

- Principal businesses: Beverage sales
- Head office: 643 Kabata-machi, Tenri, Nara
- Paid-in capital: ¥10 million
- Representative: Hitoshi Tarutani

Coca-Cola System in Japan

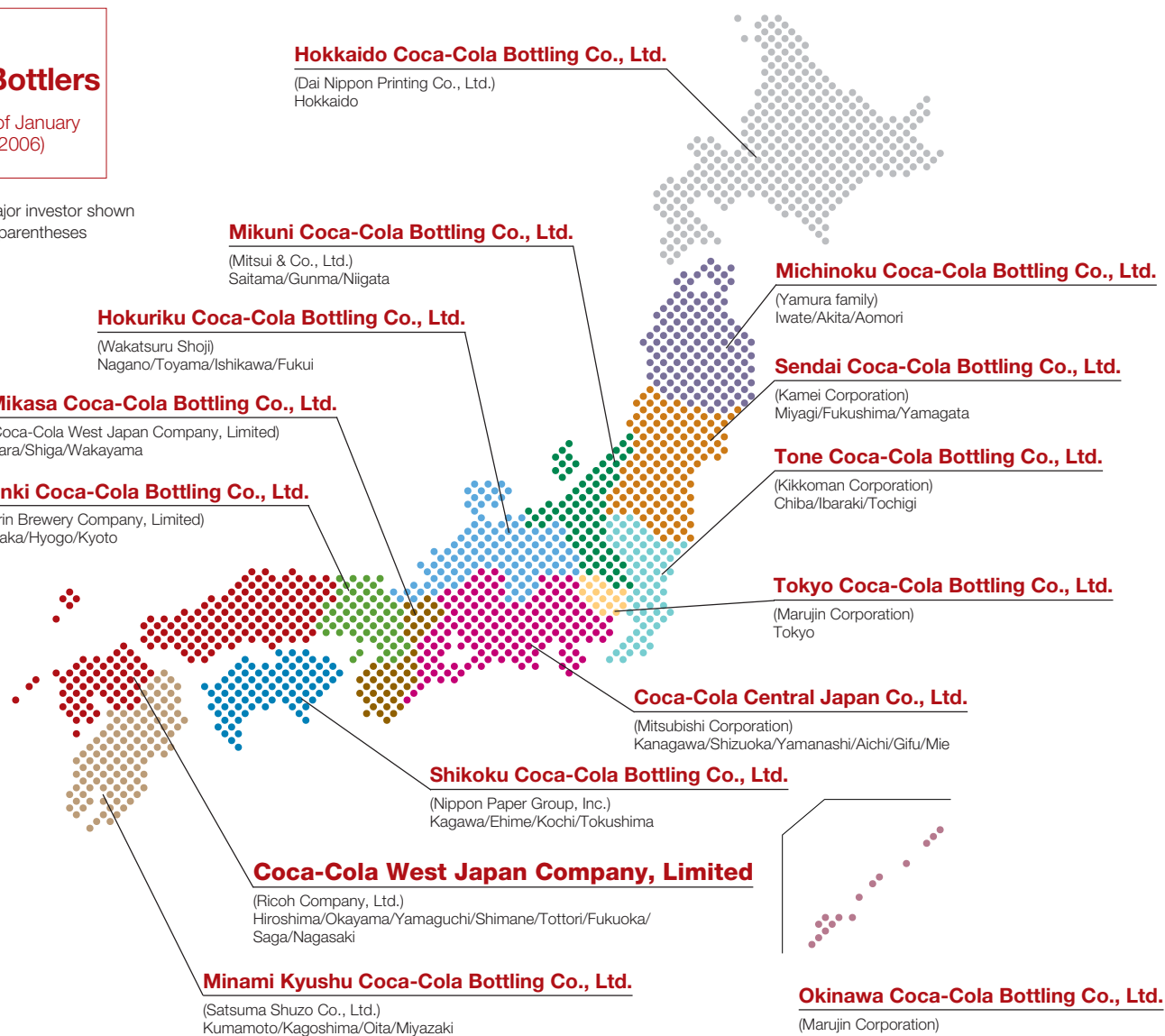
Japan's Coca-Cola system consists of Coca-Cola (Japan) Co., Ltd. and 14 bottling companies (bottlers) that manufacture and sell Coca-Cola products in the different regions of the country.

Coca-Cola (Japan) produces concentrates of Coca-Cola and other beverages. Coca-Cola National Beverage Co., Ltd., which oversees procurement, manufacturing and distribution on a national level, then supplies these concentrates to the bottlers, which in turn use them to manufacture various products under strict quality control in their respective plants. The bottlers distribute products to their 466 sales centers throughout Japan, which ship the products directly to nearly 1.2 million shops and other outlets by delivery trucks called "route trucks." In addition, approximately 980,000 vending machines are installed extensively and efficiently all over the country for the convenience of consumers. Thus, the unique Coca-Cola system can grow with the changing needs of local industries and communities.

14 Bottlers

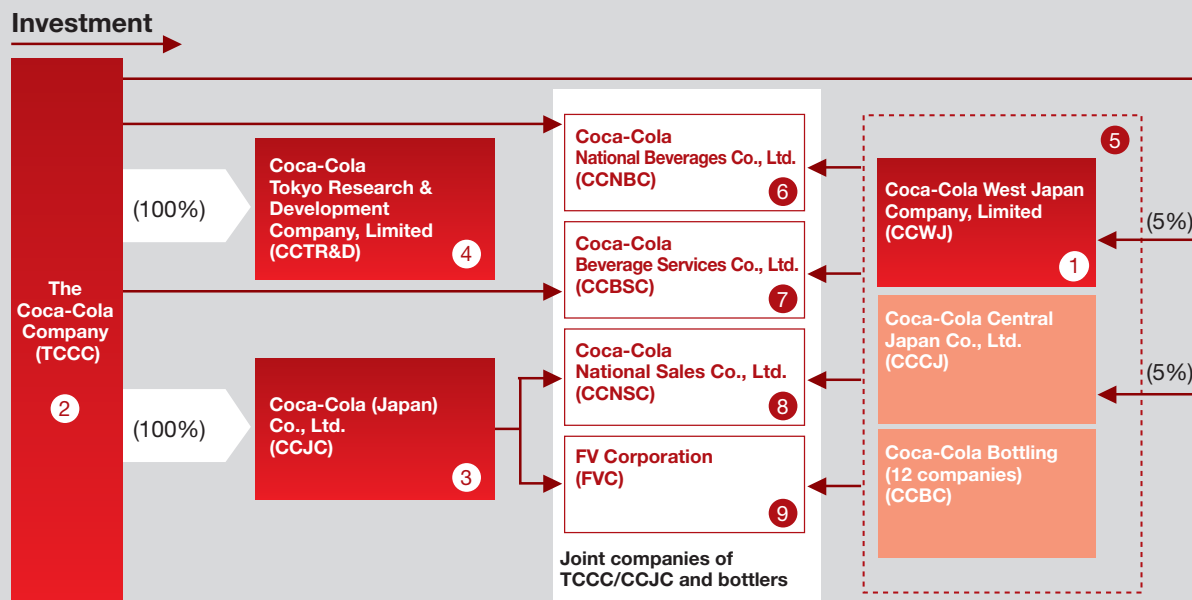
(As of January 2006)

Note: Major investor shown in parentheses



Note: Coca-Cola West Japan Company, Limited (CCWJ) and Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC) will integrate operational management through a new joint holding company, Coca-Cola West Holdings Co., Ltd. (CCWHD), to be established on July 1, 2006.

Group Overview



① Coca-Cola West Japan Company, Limited (CCWJ)

Established as Japan's first anchor bottler in July 1999 with the merging of Sanyo and Kita-Kyushu Coca-Cola bottling companies and equity participation by The Coca-Cola Company.

② The Coca-Cola Company (TCCC)

Established in 1919 in Atlanta, Georgia, in the United States. TCCC holds the rights to license bottlers to manufacture and distribute Coca-Cola products. Bottling contracts with bottlers are entered into by TCCC or one of its subsidiaries.

③ Coca-Cola (Japan) Co., Ltd. (CCJC)

Established in 1957 in Tokyo as "Nihon Inryo Kogyo K.K.," a wholly owned subsidiary of The Coca-Cola Company of the U.S., and then renamed in 1958 to Coca-Cola (Japan) Company, Limited. CCJC is engaged in marketing, planning, and manufacture and distribution of concentrates in Japan.

④ Coca-Cola Tokyo Research & Development Company, Limited (CCTR&D)

Established in January 1993 as a wholly owned subsidiary of The Coca-Cola Company of the U.S. Since January 1995, the center has been involved in product development and technical support responding to needs in the Asian region.

⑤ Coca-Cola Bottlers (CCBC)

In Japan, there are 14 bottlers, which manufacture and distribute products. Each bottler is responsible for different regions of the country.

⑥ Coca-Cola National Beverages Co., Ltd. (CCNBC)

Established in April 2003 as a joint company of The Coca-Cola Company and the bottlers to create an optimum national supply chain management (SCM) system for Japan's Coca-Cola Group. CCNBC started its operations in October the same year. The company oversees the group's joint procurement of raw materials/ingredients, manufacturing on a national level, and supply-demand planning and coordination, and supplies products to the bottlers.

⑦ Coca-Cola Beverage Services Co., Ltd. (CCBSC)

Established in June 1999 as a joint company of The Coca-Cola Company and the bottlers and launched into business in September the same year. In October 2003, procurement operations were transferred to CCNBC. At this moment, CCBSC is promoting reform of the information system for the Japan Coca-Cola system.

⑧ Coca-Cola National Sales Co., Ltd. (CCNSC)

Established in October 1995 as a joint venture of all the Japanese bottlers and Coca-Cola (Japan). CCNSC is responsible for sales activities to national chain customers.

⑨ FV Corporation (FVC)

Established in May 2001 as a joint company of Coca-Cola (Japan) and all the Japanese bottlers. Its functions include: sales to organizations spread over wide areas in the vending machine business and handling of products other than corporate products (those authorized by Coca-Cola (Japan)).



Coca-Cola West Japan Company, Limited

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