

December 2003 Mid-Term Account Settlement Meeting

August 7, 2003



Coca-Cola West Japan Co., Ltd. (2579)

Contact: PR Division

TEL: 092-641-8591 FAX 092-632-4304

URL: <http://www.ccwj.co.jp> / E-mail: mtakase@ccwj.co.jp

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(1) Sales Volume

- Planned volume: -3.0%; -3% vs PY (both due to unseasonable weather.)

(2) Market Share (store audit conducted by Intage)

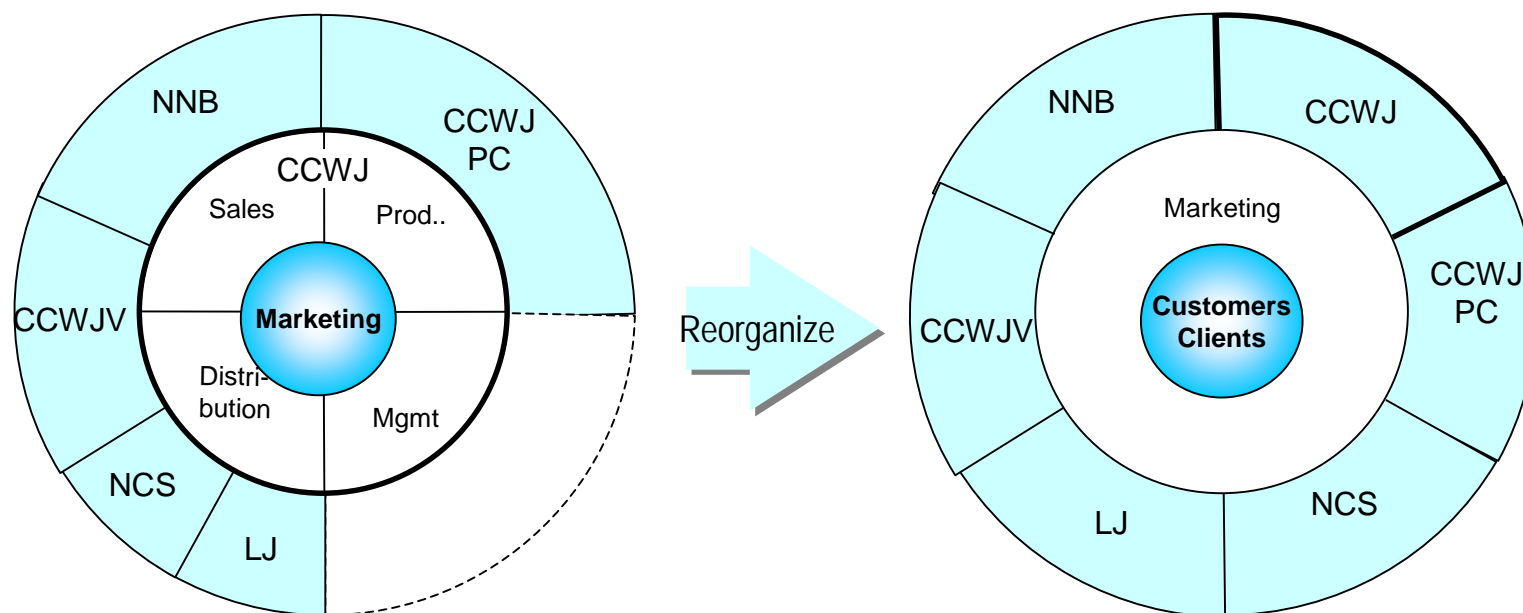
- 31.2% (-1.7 points vs PY)

(3) Business Performance (consolidated)

- Due to drop in sales volume, planned sales: -4.5%.
-3.5% vs PY
- Profit: +39.2% due to reduction of cost of sales and sales management costs; +15.8% vs PY

(4) Progress of “Reorganized” Mid-Term Management Plan

- Reorganization of activities centered around customers and clients
- Management by groups:
 - Organized into business units by function / operation units
 - Created sales structure for each business unit
 - Bolstered capabilities for interacting directly with customers and clients
 - Improved quality of vending machine operations / distribution, outlet displays / vending machine maintenance
 - Emphasis on self-management and not outsourcing (Emphasis should be on us being a powerful force for raising sales and not just calculate cost of sales.)



(5) Change in Personnel System

- Proper Assignment of Human Resources
 - Implemented personnel transfers: CCWJ employees assigned to related organizations according to individual roles and functions
- Compensation / Bonuses: industry standards for entire CCWJ group
- Severance Pay / Pension System: Rethought standard for severance pay; introduced point system based on job description
- Welfare System: Shifted to government-managed health insurance; established CCWJ mutual aid association

(6) Coca-Cola System Activities

- Established Coca-Cola National Beverage (April)
- Oyama Beverage operational (June)

2. Overview of Mid-term Settlements



(1) Consolidated Mid-Term Performance

Unit: ¥MM; %

	Mid-term 2002	Mid-term 2003					
		Plan	Results	vs Plan		vs PY	
				Variance	Rate	Variance	Rate
Revenues	117,211	118,500	113,117	5,383	4.5	4,094	3.5
Profits	6,614	*5,500	7,658	2,158	39.2	1,044	15.8
Ordinary Profits	6,764	5,700	7,847	2,147	37.7	1,083	16.0
Mid-term Net Profits	3,145	3,300	4,152	852	25.8	1,007	32.0

*Plan Value: Value announced February 18

(2) Individual Mid-Term Performance

Unit: ¥MM; %

	Mid-term 2002	Mid-term 2003					
		Plan	Results	vs Plan		vs PY	
				Variance	Rate	Variance	Rate
Revenues	74,327	90,500	86,768	3,732	4.1	12,441	16.7
Profits	3,662	5,800	7,666	1,866	32.2	4,004	109.3
Business Profit	4,234	6,000	8,056	2,056	34.3	3,822	90.3
Mid-term Net Profits	2,251	3,500	4,459	959	27.4	2,208	98.1

Sales Performance

(Unit: 1,000 cases; %)

Including other bottlers	45,053	45,107	43,475	1,632	3.6	1,578	3.5
Within area	41,438	41,454	40,216	1,238	3.0	1,222	3.0

(3) Main Factors for Variance from Plan (consolidated)

Revenue: - ¥5.4 B

• Sales volume reduction:	¥3.1B
• Sales Mix	-¥400 MM
• Consignment production	-¥100 MM
• Mikasa Bottlers' portion	-¥1.1 B
• Other affiliated companies, etc.	-¥700 MM

Profits: +¥2.1 B

Cost of Sales: ¥3.2 B reduction

• Sales volume reduction	-¥1.9 B
• Sales mix	-¥400 B
• Consignment production	-¥300 B
• Mikasa Bottlers' portion	-¥400 B
• Other affiliated companies, etc.	-¥200 B

Sales Expenses & General Management Expenses: ¥4.3 B reduction

• Changes to severance pay system	-¥1.9 B
• Advertising & promotion costs	-¥500 MM
• Vending machine costs, etc.	-¥900 MM
• Mikasa Bottlers' portion	-¥600 MM
• Other affiliated companies, etc.	-¥400 MM

Ordinary Profits: +¥2.1 B

Non-sales Profits	¥100 MM increase
Non-sales Expenses	¥100 MM increase

**Mid-term Net Profits:
+¥800 MM**

Special Profits	--
Special Losses	¥800 MM increase
• Waste product, etc.	+¥400 MM
• Golf club membership, etc.	+¥400 MM
Corporate Tax, etc.	¥500 MM increase

(4) Main Factors for Variance from Plan (consolidated)

Revenue: - ¥4.1 B

• Sales volume reduction	- ¥3 B
• Sales mix	- ¥300 MM
• Consignment production	+ ¥600 MM
• Mikasa Bottlers' portion	- ¥500 MM
• Other affiliated companies, etc	- ¥900 MM

Profit: + ¥1 B

Cost of Sales: ¥1.4 B reduction

• Sales volume reduction	- ¥1.7 B
• Sales mix	+ ¥400 MM
• Consignment production	+ ¥500 MM
• Mikasa Bottlers' portion	- ¥200 MM
• Other affiliated companies, etc	- ¥400 MM

Sales & General management Expenses: ¥3.7 B reduction

• Changes to severance pay system	- ¥2.7 B
• Personnel costs	- ¥900 MM
• Advertising & promotion costs	- ¥400 MM
• Sales commissions, etc	+ ¥400 MM
• Mikasa Bottlers' portion	- ¥100 MM

Ordinary Profit: + ¥1 B

Non-sales Profits	¥100 MM reduction
Non-sales Expenses 1	¥100 MM reduction

Mid-term Net Profit: + ¥1 B

Special Profits	----
Special Losses	¥600 MM reduction
• Costs for reorganizing subsidiaries, etc	- ¥700 MM
• Sale of fixed assets	- ¥300 MM
• Waste product, etc	+ ¥400 MM
Corporate Tax, etc	¥600 MM increase

(1) Basic Thrust

“Reorganization”

Reorganized CCWJ :

- For the overall benefit of its customers and clients
- To enable it to continue to lead the beverage business
- To provide proper roles and functions throughout
- To bolster the vitality of its employees and the entire organization
- To better enable it to be a better corporate citizen

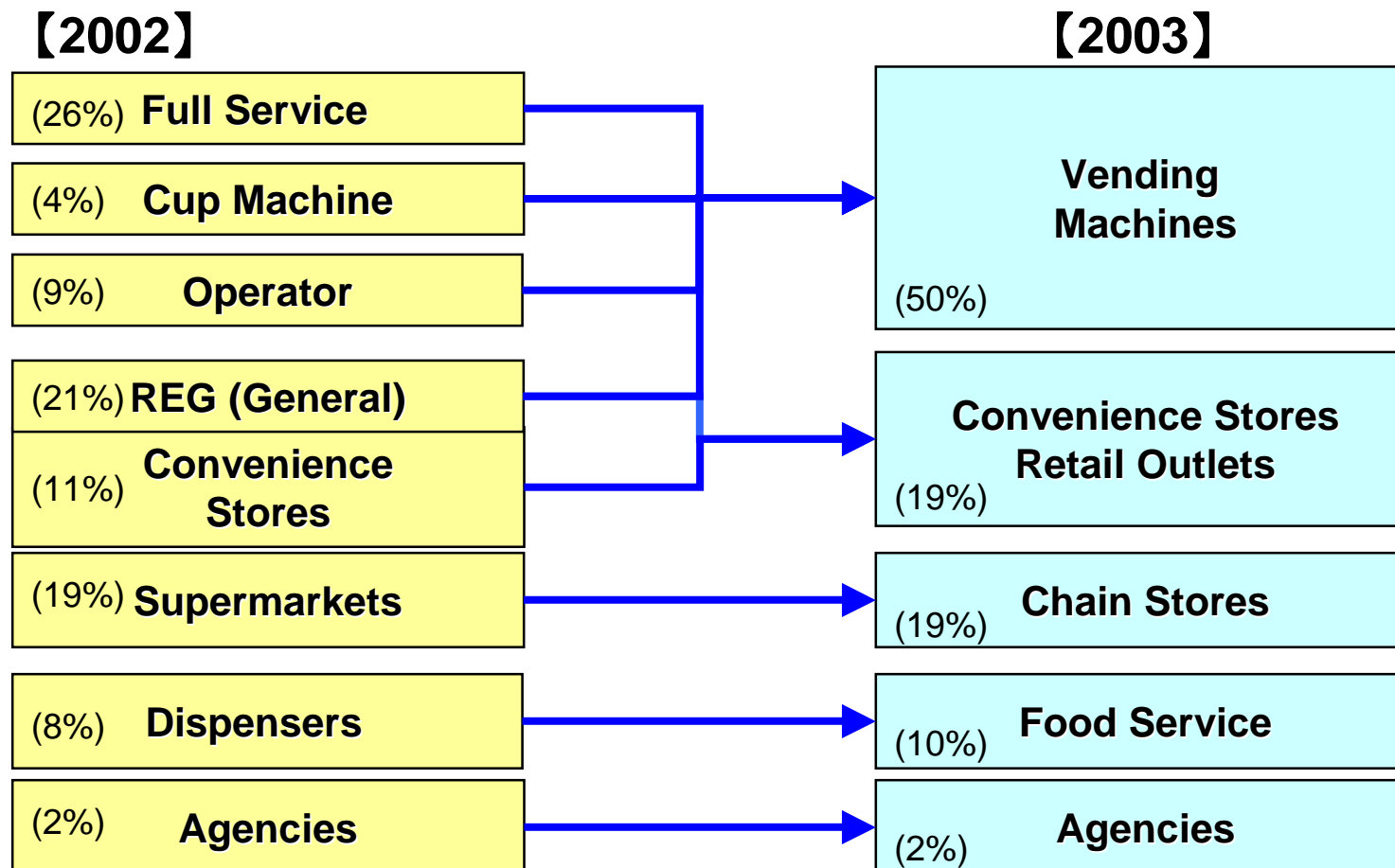
(2) Basic Policies

- Develop new business
- Reinforce CCWJ management
- Innovate personnel management
- Corporate citizenship

(3) Creating New Business Systems

Sales Structure

- Switched to a sales structure that responds to the ways customers buy and sell.
- Created structures within new business units where operations can be consolidated and streamlined, from planning divisions to sales offices.



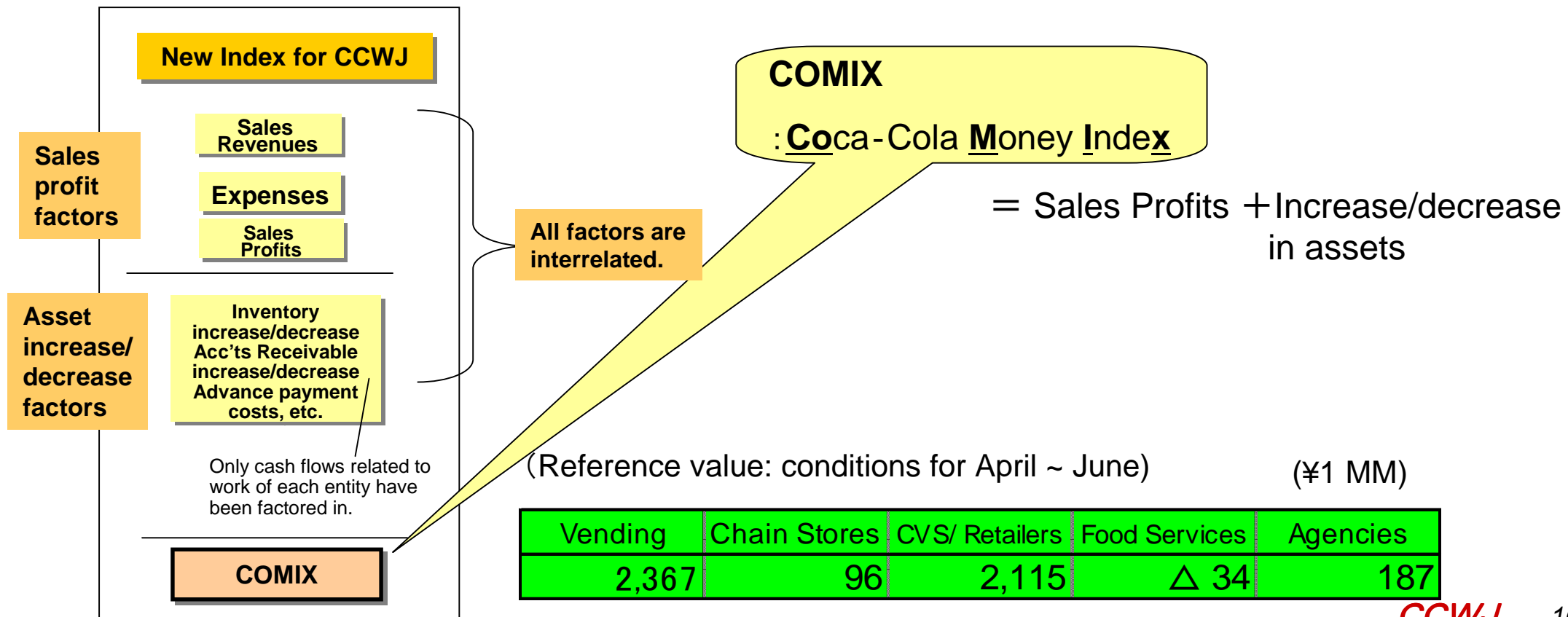
() = Portion of sales volume

(4) Bolstering Group Management

① Integrated Group Management

- Business units reorganized with regard to each function and operation in order to achieve group management.
- Clearly separated board-of-director functions from executive functions
 - Assigned executives to head business units

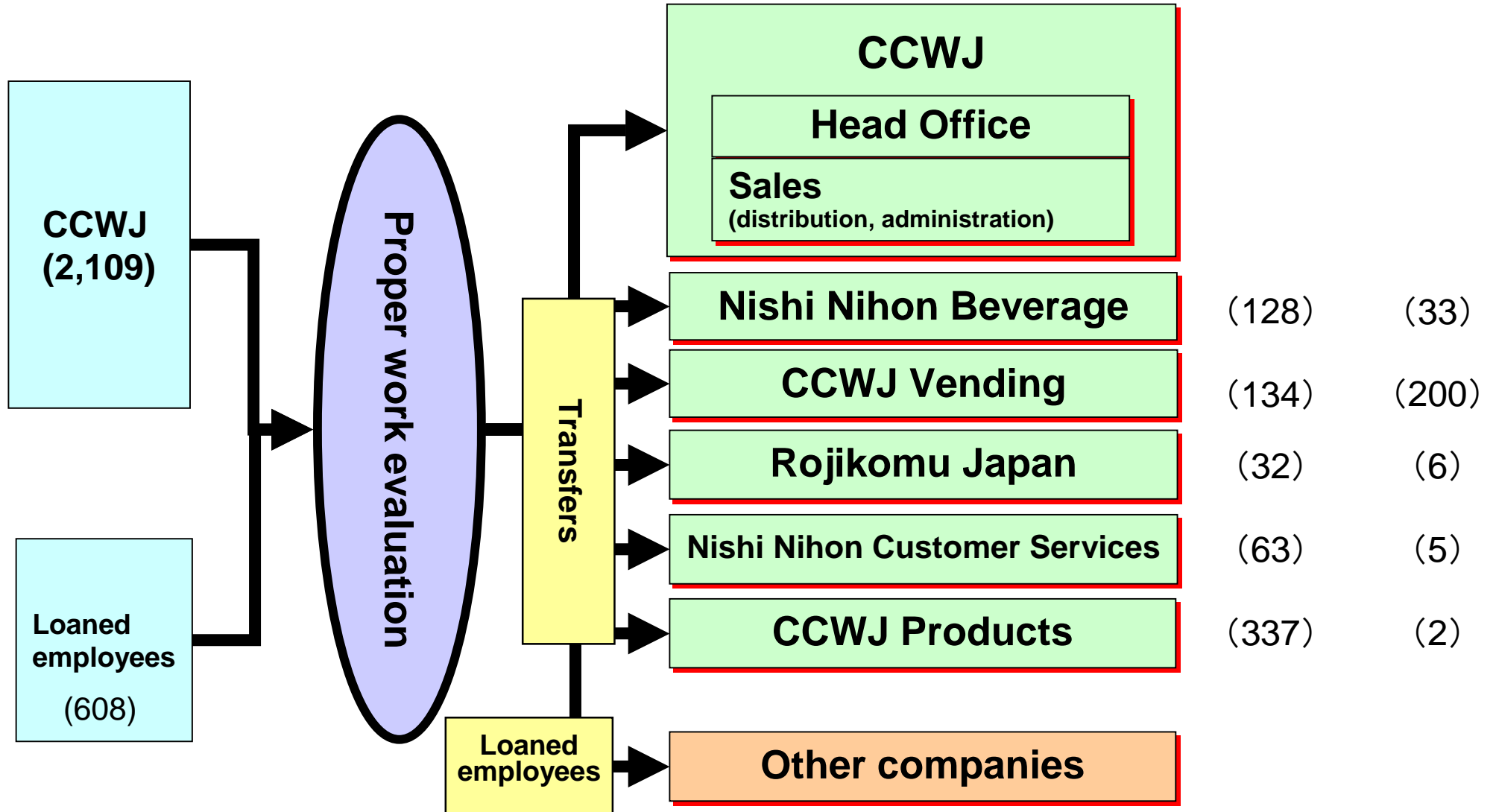
② Creating Group Evaluation Systems (COMIX)



(5) Reorganization of Personnel Management

① Appropriate Personnel Assignment

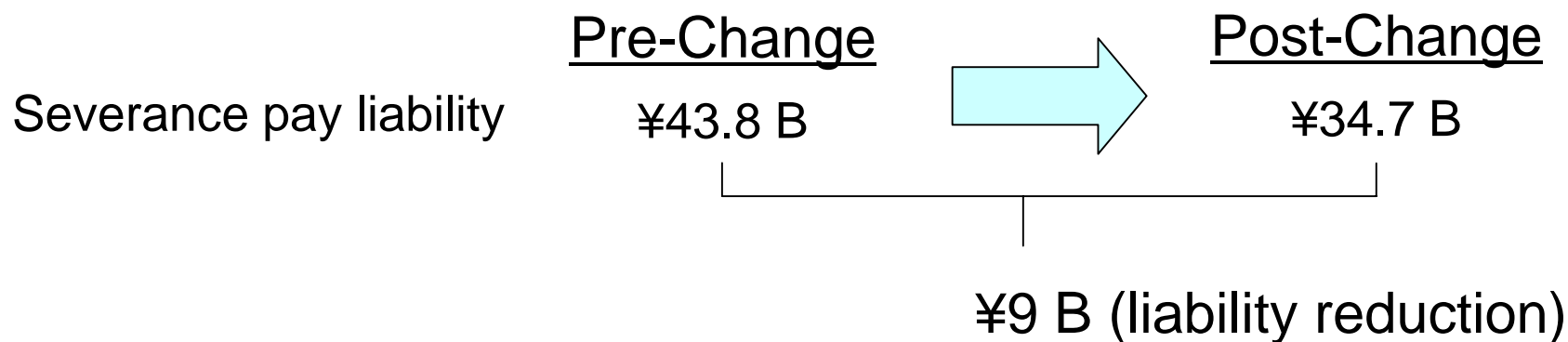
Transferred Loaned



Employee transfers for 1st quarter completed (694)

② Approach to Severance Pay / Pension System

- 2002 Sept Reduction in Welfare Pension Fund payment rates
 - Active employees: 4.5 - 5.5% → 3.0%
 - Associate employees: 4.5 - 5.5% → 4.0%
- 2002 Dec Stopped paying into Welfare Pension Fund on behalf of employees
- 2003 Jan Change of severance pay system



Effect on sales profits:

Apr. ~ Dec. 2003

¥5.8 B

Jan. ~ Mar. 2004

¥2.2 B

(6) Corporate Citizenship – Creating Code of Corporate Ethics & Responsibility as Corporate Citizen

① Reinforce Code of Corporate Ethics

- Group-wide Involvement: Further instill the code; implement training

② Bolster Involvement in Environmental Management

- Acquire ISO14001 Certification: Entire Group to prepare for acquisition
- Prepare for establishment of Kita Kyushu Sawayaka Recycling Center (inauguration scheduled for October)
 - Recover containers of products sold and further solidify corporate stance toward recycling.



③ Bolster Social Contributions

- Support healthy upbringing of your youth and promotion communication with local communities through activities for social welfare, sports, cultural, and education.

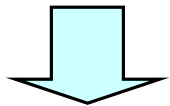
(7) Coca-Cola National Beverage

① Current Status of Work

- All efforts toward establishing nation-wide SCM moving on schedule with regard to designing optimum organizational structure, work processes, information systems, and methods for verifying and studying financial aspects.
- Currently in final planning stage.

② Participating Bottlers

- When launched in April: 6 bottlers (Mikuni, Tone, Tokyo, CCCJ, Kinki, CCWJ)



- At present: All bottlers & CCJC (except Okinawa)

③ Announcement of Specific Details

- By end of September

4. Projections for Entire Year



(1) Consolidated Year-Long Projections

(unit: ¥MM, %)

	2002 Results	2003					
		Planned	Projected	vs Plan		vs PY	
				Variance	Rate	Variance	Rate
Revenues	247,737	* 254,000	249,000	5,000	2.0	1,263	0.5
Profits	16,704	15,000	19,700	4,700	31.3	2,996	17.9
Ordinary Profit	17,005	15,300	20,000	4,700	30.7	2,995	17.6
Net Profits for Term	7,086	9,000	10,500	1,500	16.7	3,414	48.2

* Plan value: Value announced Feb. 18

(2) Simple Year-Long Projections

(unit: ¥MM, %)

	2002 Results	2003					
		Planned	Projected	vs Plan		vs PY	
				Variance	Rate	Variance	Rate
Revenues	174,594	194,000	191,000	3,000	1.5	16,406	9.4
Profits	12,834	14,000	18,000	4,000	28.6	5,166	40.3
Ordinary Profits	13,774	14,900	18,500	3,600	24.2	4,726	34.3
Net Profits for Term	5,378	8,600	10,100	1,500	17.4	4,722	87.8

Sales Results

(unit: 1,000 cases, %)

Including Other Bottlers	95,936	97,045	95,185	1,860	1.9	751	0.8
Within Area	88,450	89,400	88,162	1,238	1.4	288	0.3

(3) Year-Long: Main Factors for Variance from Original Plan (consolidated)

Revenue: - ¥5 B

• Sales volume reduction	-¥2.6 B
• Sales mix	-¥400 MM
• Mikasa Bottlers' portion	-¥1 B
• Other affiliated companies, etc.	-¥1 B

Profit: +4.7 B

Cost of Sales: ¥3.6 B reduction

• Sales volume reduction	-¥1.3 B
• Sales mix	-¥700 MM
• Mikasa Bottlers' portion	-¥600 MM
• Other affiliated companies, etc.	-¥1 B

Sales & General Management Expenses: ¥6.1 B reduction

• Changes to severance pay system	-¥5.8 B
• Costs for commissioned work, etc.	+¥500 MM
• Advertising & promotion costs	-¥300 MM
• Sales commissions, etc.	-¥500 MM

Ordinary Profit: +¥4.7 B

Non-sales Profits	—
Non-sales Profits	—

Net Profits for Term: +¥1.5 B

Special Profits	¥100 MM increase	
Special Losses	¥1.3 B increase	
• Waste product		+¥600 MM
• Sale of fixed assets		+¥700 MM
Corporate Tax, etc.	¥2 B increase	

(4) Year-Long: Major Factors for Variance vs PY (consolidated)

Revenue: +¥1.3 B

• Sales volume reduction	-¥800 MM
• Sales mix	+¥500 MM
• Consignment production	+¥1.2 B
• Other affiliated companies, etc.	+¥400 MM

Profit: +¥3 B

Cost of Sales	¥1.4 billion increase	
• Sales volume reduction	-¥400 MM	
• Sales mix	+¥400 MM	
• Consignment production	+¥1.2 B	
• Other affiliated companies, etc.	+¥200 MM	
Sales & General Management Expenses		
• Change of severance pay system	-¥4.6 B	
• Personnel costs	-¥1.7 B	
• Sales commissions	+¥1.7 B	
• Mandatory welfare benefits	+¥500 MM	
• Advertising & promotion expenses	+¥300 MM	
• Shipping costs	+¥400 MM	
• Sales machines & equipment costs	+¥300 MM	

Ordinary Profits: +¥3 B

Non-sales Profits	¥300 million reduction	—
Non-sales Expenses	¥300 million reduction	

Net Profits for Term: +¥3.4 B

Special Profits	¥4.1 B reduction	
• Certain payments stopped	-¥4.1 B	
Special Losses	¥7.5 B reduction	
• One-time payments for employees transfers	-¥4.5 B	
• Reorganization costs for subsidiaries, etc.	-¥1.8 B	
• Sale of fixed assets	-¥1.2 B	
Corporate Tax, etc.	¥3 B increase	

5. Marketing Activities for 1st Half



(1) Status of Core Brands

	Volume (MM C/S)	vs Plan	vs PY	Market Share
Coca-Cola / Diet Cola-Cola / Vanilla Coca-Cola	4,043	-2.5%	-8.3%	79.2% (No.1)
Georgia	13,130	-1.7%	-1.2%	68.4% (No.1)
Aquarius / boco	3,408	-6.5%	+6.5%	31.2% (No.1)
Sokenbicha	2,871	-5.6%	-3.5%	75.5% (No.1)
Marocha 120	1,877	+5.1%	+11.5%	16.9% (No.3)

(2) Vending Machines

(unit: M c/s, %)

① Sales Volume

2002	Mid-term 2003		vs Plan		vs PY	
	Plan	Result	Variance	Rate	Variance	Rate
Mid-term Results						
16,110	16,035	15,686	349	2.2	424	2.6

② Main Activities

1) Revitalized Existing Accounts

i) Created environment where customers want to use vending machines

- Created foundation for deploying IT by switching to upgraded VCCS vending machines (sales-supportive vending machines)

→ 1,100 machines

- Upgraded vending machines installed in high-volume locations (to PET sales-enabled machines) → 8,460 machines

— PET Sales-enabled Vending Machines: 73%

2) Targeted New Development Work

i) Extensive In-Market Development

- 1st Half (upgraded units): 2,060 machines (vs plan: -120 machines)
- Expansion of Single-bottler Management Accounts: Collaboration with CCWJ, NNB (Nishi Nihon Beverage)

* Single-company Management: CCWJ handles management where a single account has vending machines installed selling products from several manufacturers. NNB acquires rival products from their manufacturers and sells them.

- Efforts to enhance developed accounts:

→ Increased projected sales volume: 250C/S (2002) → 320C/S (2003)

ii) Bolstered countermeasures against competition (Installed Coca-Cola machines in place of competitors')

- Targeted predatory "Project S"

→ Target: 1,000 machines (predatory agreements: 1,130 machines)

3) Improve BEP Through Enhanced Quality and Reduced Costs

i) Reduce machine sales lost to downtime by improving maintenance and servicing

- Reduce time from repair request to repair completion:

24 hrs. → 15 hrs. (including vandalized machines)

2.3 hrs. (excluding vandalized machines)

- Increase number of machines repaired on same day request made: 73% → 80%

ii) Created FS Operation Structure

- Finished introducing system for planning sales calls in Chugoku district (29 sales offices)
- Preparing to bring vending machines online

iii) Removed Vending Machines with low performance (under 50 c/s sales per year)

→740 machines

iv) Reduce Machinery Management Costs

- Coordinate jointly with bottlers nationwide
 - Reduce purchase costs of new machines: -¥9,000/machine
- Joint management with Nishi Nihon Customer Company
 - Reduce vending machine management costs:
-¥107 million (vs Plan: +¥20 million)

v) Re-think Vending Machine Installation According to Sales Rankings

- Select models with competition in mind, rather than with regard to sales scope
("Location-conquest Approach")



- Select specific models according to low-, mid-, and high-volume sales locations

(3) Chain Stores: Profitability Expand Volume and Share

① Sales Volume

(Unit: MM cases; %)

Mid-term 2002 Results	Mid-term 2003		vs Plan		vs PY	
	Plan	Results	Variance	Rate	Variance	Rate
7,443	7,830	7,435	395	5.0	8	0.1

② Market Share

Coca-Cola:	28.4%	-2.3 points
Suntory:	12.3%	-0.2 points
Kirin	7.7%	+1.9 points
Others	22.7%	+0.9 points

③ Main Activities

1) Expand Sales Volume by Bolstering Sales Prowess

- Create “Win-Win” relationship with accounts by never letting products run out
 - Assign sales support personnel to stores on Sundays and holidays: Fukushima, Kita Kyushu, Hiroshima, Okayama cities
- Education / Training
 - Implement training according to job and skills (newly hired, moderately skilled, highly skilled)
- Bolster strategic accounts (20 accounts)
 - vs PY: +4.5% (Target: +6.0%)

2) Raise Profitability

- Implement package mixes in accordance with consumer needs

	2002	2003			2003 Annual Plan
	(annual)	1Q	2Q	Total	
2L PET	43.1%	39.2%	41.4%	40.2%	41.2%
1.5L PET	20.9%	25.3%	19.8%	21.9%	20.4%
500ml PET	14.4%	15.2%	16.0%	15.6%	15.2%
160 can	10.4%	9.9%	11.8%	10.9%	10.5%
190 can	4.1%	5.3%	3.8%	4.3%	4.5%
Others	7.1%	5.1%	7.3%	7.1%	8.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

- * **Sales Profits for April – June: Profits finally started appearing**
(after being in the red up until last year)

Reference: Outlet Retail Prices – Coca-Cola Products

(¥)

		2002	2003	
		4Q	1Q	2Q
2L PET	Tea	181	187	188
		118	134	124
1.5L PET		191	194	194
500ml PET		110	109	107

(Source: Intege)

(4) Convenience Stores / Retailers: Implement Effective Marketing Activities through Careful Selection and Concentrated Efforts

① Sales Volume

(Unit: M cases; %)

	Mid-term	Mid-term 2003		vs Plan		vs P Y	
	2002 Results	Plan	Result	Variance	Rate	Variance	Rate
CVS	4,544	4,625	4,646	21	0.5	101	2.2
Retailers	8,129	7,857	7,386	471	6.0	744	9.1
Total	12,673	12,482	12,031	451	3.6	642	5.1

② Main Activities

1) Convenience Stores

- Bolster customer management
- Expand items handled

(Product Types)

	2002	2003	
	End Dec	End Mar	End June
7-Eleven	38	44	49
Lawson's	50	58	67
Family Mart	47	47	47

2) Retailers

- Expand potential demand through Club Coca-Cola policies
- Implement Full-Service System
 - 4,600 machines (Comparison to plan: -1,900 machines)
 - Rethink our approach to vending machine management, in response to clients expressing desire to take care of machines themselves.

(5) Food Service: Expand Market with customer oriented approach

① Sales Volume

Unit: M c/s, %

Mid-term 2002 Results	Mid-term 2003		vs Plan		vs P Y	
	Plan	Result	Variance	Rate	Variance	Rate
4,186	4,125	4,056	68	1.7	130	3.1

② Main Activities

1) Thoroughly Reinforce Market Development

- Expand opportunities to sell hot products: Invest in 340 machines
(vs plan: -20 machines)
- Expand into drink bars and recreational/leisure facilities

2) Thoroughly Implement Machinery Services, Hygiene Management Systems

- Prepare to create late night maintenance system

3) Thoroughly Pursue Cost Reductions and Greater Operating Efficiency

- Pull out machines with annual sales of less than 250 cases: 920 machines
(vs plan: +80 machines)
- Continue to do business with 70% of outlets where fountain equipment removed with package sales
- Consolidate number of product types handled: 98 → 83

* Profits for April – June: Operated in red until last year, but now about to go into the black.

(6) Agencies: Pioneer & Nurture Market Growth by Strengthening Business Partnerships

Unit: M c/s, %

① Sales Volume

Mid-term 2002 Results	Mid-term 2003		vs Plan		vs P Y	
	Plan	Results	Variance	Rate	Variance	Rate
804	797	805	8	1.0	1	0.1

② Main Activities

1) Bolster Marketing Activities

- Implement marketing strategies as the head office would – especially in Chugoku area
- Aggressive investment in vending machines: 140 machines (vs plan: -10 machines)

2) Bolster Sales Structure

- Support change from direct sales to a pre-sales system
- Support introduction of a Full-Service System

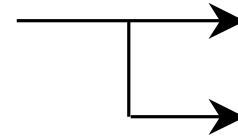
(7) Creating Optimum Supply & Demand Structure

① Underlying Basis of Coca-Cola Business:

“To provide high-quality products that customers and clients will accept with assurance”

② Important Points in Achieving This:

- Provide newer and fresher products than the competition
- Do not allow products to run out
- Pay as much attention to consumer pull as customer push



Get products to customers within 1 month of manufacture

Get products to clients within 2 weeks of manufacture



Establish 3 projects within the Management Quality Improvement initiative

• “Reorganize Sales Methods:”

- Reorganize vending: POS management for 3.4 MM columns
- Reorganize OTC: Adapt sales methods to realities of the market (sales area)

• “Reorganize SCM:”

- Eliminate inventory (vs PY: - 1 MM c/s)

• “Bolster Quality Assurance”

(1) Overview

Vending Machines

→ Expand Operations

Chain Stores

→ Enhance Profitability

Approach Competition

Georgia Campaign

(2) Activity Plan for Each Business Unit

“Continue reinforcing 1st half activities, as we make this a year to solidify our footing.”

① Vending Machines

1) Expand Operations

- Create a sales structure where we can sell as much as physically possible by aggressively enforcing a 356-day approach to sales.**
- Reinforce efforts to increase range of products sold and decrease sold-out rate**

2) Activities Utilizing Vending Machine IT

- Time Service Promotion (from Sept.): 1,000 machines**
- Online System (To collect and respond to sales data, machine breakdown ¥ data): 2,000 machines – Fukushima City**

3) “From Defense to Offense” as a Countermeasure Against Certain Competitors

- Activities involving predatory actions**
- Use Georgia cans limited to just Kyushu**

4) Promote In-market Development by Sharing Information (SFA)

5) Invest in Small Hot PET for Vending Machines

② Chain Stores

1) Continue Reinforcing Current Activities Aimed at Enhancing Profitability

- **Get profit into the black with package mixes that meet customer needs**
 - **Recover sales volume**
 - **Program V**
 - **Improve efforts to build better sales areas by investing in sales equipment**
 - **Sales support for clients (Product shelf stocking activities focused on Sundays and holidays)**
- Create Win-Win Relationships**

③ Convenience Stores / Retailers

- **Continue to increase the number of items handled by each convenience store**
- **Secure sales of retail divisions centered around Club Coca-Cola**
- **Expand range of hot containers (small PET)**

④ Food Services

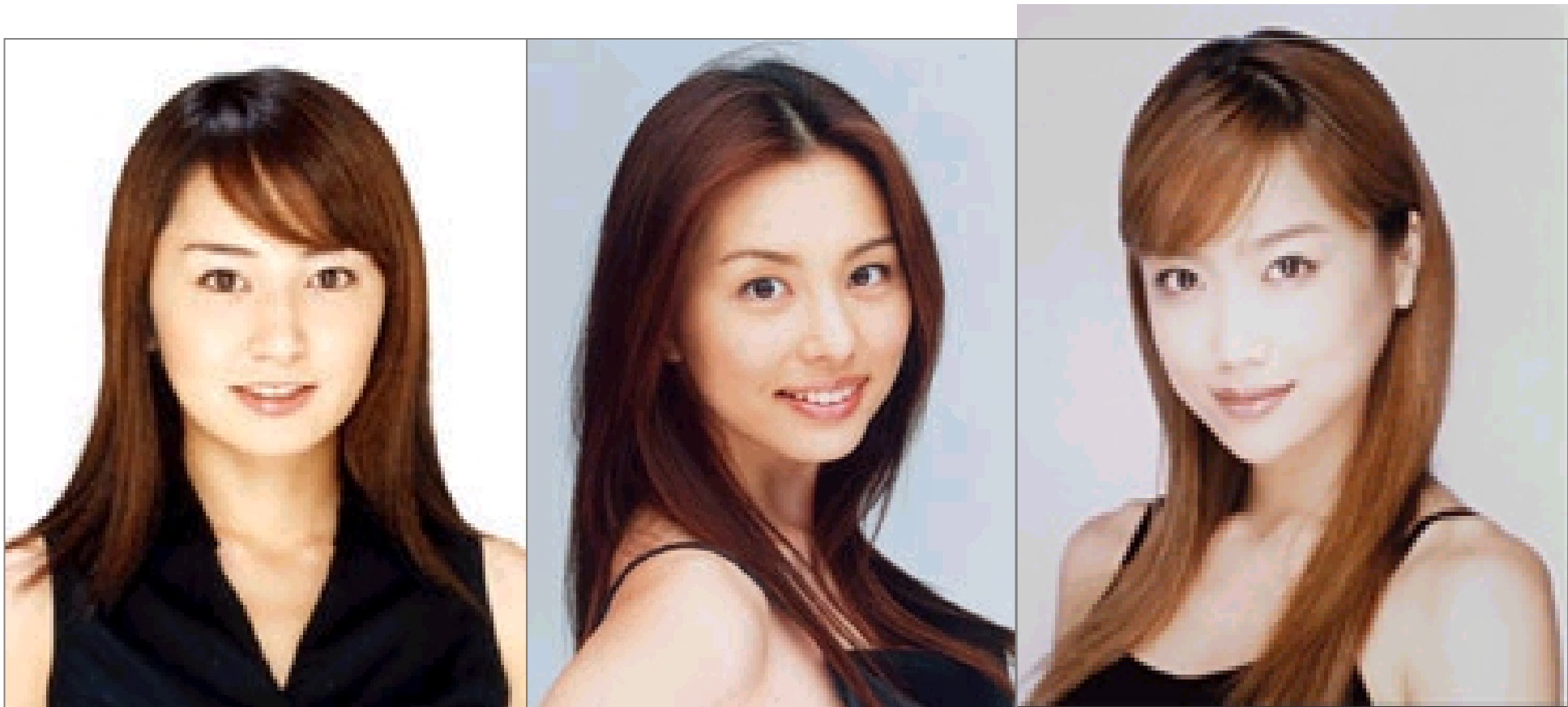
- **Make efforts to approach regional chain stores, centered around Cola-Cola Customer Sales**
- **Increase number of machines pulled out due to low sales:
300 → 500 machines**
- **Attack the competition**

⑤ Agencies

- **Support changes to sales systems (Pre System / Full-Service System)**

(3) New Georgia Campaign --- Get Ready!

- ① New Products: Royal Blend, etc.
- ② New Promotion: Gets away from “It’s so popular, I can’t win.”



7. Change in Store Auditing

(1) Switch from Nielsen To Intage

(2) Survey samples that better reflect actual market circumstances

① Increase number of large-scale chain supermarkets and convenience stores

Chain Stores Covered Out of Top 30

		Intage	Nielsen	Difference
SM	Chugoku Area	12	7	+ 5
	Kyushu Area	11	7	+ 4
CVS	Chugoku Area	6	3	+ 3
	Kyushu Area	7	5	+ 2

② Rethink outlets sampled and number of samples

- "Mini-self" from Supermarket ⇒ Ordinary Store
- Rethink approach to targeting sampled outlets and their number so as to better represent actual market conditions

No. Sampled & Proportion of Total

	No. Sampled			Proportion of Total (%)		
	Intage	Nielsen	Difference	Intage	Nielsen	Difference
Supermarkets	148	159	▲ 11	30	26	+ 4
CVS	100	62	+ 38	20	10	+ 10
Ordinary	246	384	▲ 138	50	63	▲ 14
Tortal	494	605	▲ 111	100	100	+ 0

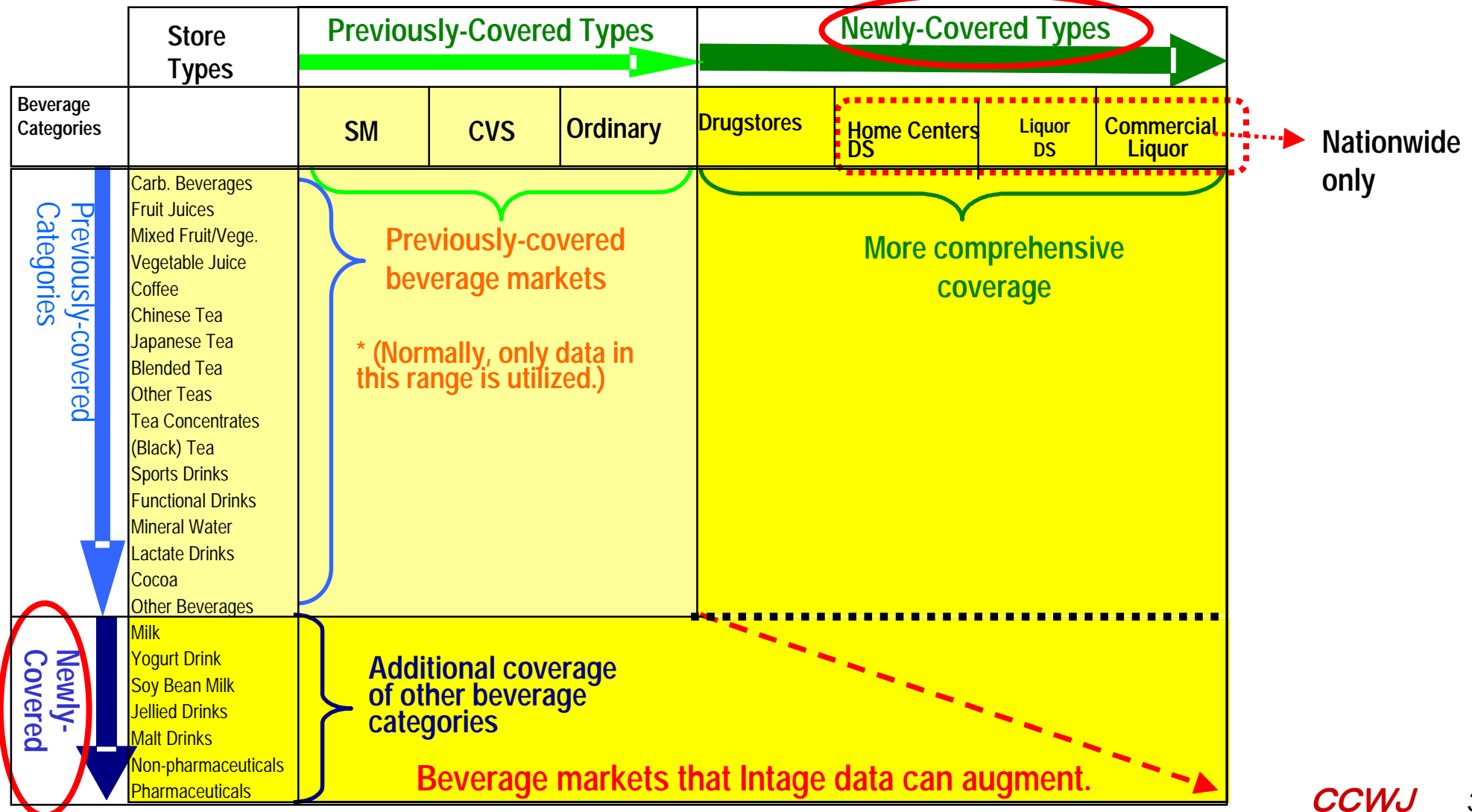
※ Reference: Scope & Composition of Sales by Business Type

Proportion of Market Sales	Proportion of Company Sales		
	<u>Intage</u>	<u>Nielsen</u>	<u>CCWJ</u>
(%)			
SM	51	60	49
CVS	28	30	29
Ordinary	19	10	21
Drugstores	2	-	1
Total	100	100	100

* Based on internal sales results

(3) Expansion of Store Types and Beverage Categories

- Additional Store Type Coverage: Drugstores, home centers, DS, liquor DS, Commercial-use liquor stores
- Additional Beverage Category Coverage: milk, non-pharmaceuticals, etc.



(4) Change in Market Share (through 2002)

Intage (%)	Nationwide			CCWJ	CCWJ			Chugoku Territory			Kyushu Territory		
	Intage (New)	Nielsen (Previous)	Difference	Intage (New)	Nielsen (Previous)	Difference	Intage (New)	Nielsen (Previous)	Difference	Intage (New)	Nielsen (Previous)	Difference	
Supermarkets	22.9	22.9	+ 0.0	30.7	33.3	▲ 2.6	28.6	27.8	+ 0.8	33.3	41.8	▲ 8.5	
CVS	17.9	19.4	▲ 1.5	24.6	29.7	▲ 5.1	24.6	24.9	▲ 0.3	24.8	34.6	▲ 9.8	
Ordinary	36.8	40.6	▲ 3.8	49.6	57.0	▲ 7.4	48.6	47.1	+ 1.5	50.4	64.1	▲ 13.7	
Total	24.2	23.9	+ 0.3	32.6	34.6	▲ 2.0	31.1	28.5	+ 2.6	34.1	42.4	▲ 8.3	
Drugstore	20.6	-	-	12.5	-	-	9.3	-	-	21.1	-	-	
Total	23.9	23.9	+ 0.0	32.1	34.6	▲ 2.5	30.4	28.5	+ 1.9	33.9	42.4	▲ 8.5	

Timing of the Change

- As of April 2003 (However, monthly data back to January 2002 will be retained.)

Appendix

1. Shifts in Profit & Loss

(1) Consolidated (mid-term)

Unit: M c/s, %

	Mid-term 2002		Mid-term 2003	
	Result	Proportion	Result	Proportion
Sales Revenues	117,211	100.0	113,117	100.0
Cost of Sales	63,686	54.3	62,310	55.1
Gross Profit from Sales	53,525	45.7	50,807	44.9
Sales & General Management Expenses	46,910	40.0	43,148	38.1
Sales Profits	6,614	5.6	7,658	6.8
Non-sales Profits	703	0.6	599	0.5
Non-sales Costs	554	0.5	411	0.4
Ordinary Profits	6,764	5.8	7,847	6.9
Special Profits	253	0.2	231	0.2
Special Losses	1,407	1.2	820	0.7
Net Profits for Term before Tax, etc. Adjustments	5,610	4.8	7,257	6.4
Corporate Tax, etc.	2,463	2.1	3,184	2.8
Minority Shareholder Profits	1	0.0	△ 79	△ 0.1
Net Profits for Term	3,145	2.7	4,152	3.7

(2) Consolidated (entire year)

Unit: M c/s, %

	Mid-term 2001		Mid-term 2002		End Term 2003	
	Results	Proportion	Result	Proportion	Projected	Proportion
Sales Revenues	226,111	100.0	247,737	100.0	249,000	100.0
Cost of Sales	122,504	54.2	135,989	54.9	137,400	55.2
Gross Profits from Sales	103,607	45.8	111,747	45.1	111,600	44.8
Sales & General Management Expenses	86,973	38.5	95,043	38.4	91,900	36.9
Sales Profits	16,634	7.4	16,704	6.7	19,700	7.9
Non-sales Profits	1,342	0.6	1,280	0.5	1,000	0.4
Non-sales Expenses	1,954	0.9	979	0.4	700	0.3
Ordinary Profits	16,021	7.1	17,005	6.9	20,000	8.0
Special Profits	10,351	4.6	4,419	1.8	300	0.1
Special Losses	24,234	10.7	9,006	3.6	1,500	0.6
Net Profits for Term Before Tax, etc. Adjustments	2,138	0.9	12,418	5.0	18,800	7.6
Corporate Taxes, etc.	1,420	0.6	5,330	2.2	8,300	3.3
Minority Shareholder Profits	△702	△0.3	1	0.0		0.0
Net Profits for Term	1,420	0.6	7,086	2.9	10,500	4.2

2. Volume Trends



(1) Volume by Brand

Unit: M c/s, %

	Mid-term 2002	Mid-term 2003	'03/'02	
Carbonated	Coca-Cola	3,784	3,377 Δ 10.8	
	Vanilla Coca-Cola	—	42 —	
	Diet Coca-Cola	625	624 Δ 0.2	
	Fanta	1,829	1,821 Δ 0.4	
	Sprite	344	239 Δ 30.5	
	Real Gold	515	556 8.0	
	Canada Dry	198	419 111.6	
	Others	28	22 Δ 21.4	
Total	7,322	7,101	Δ 3.0	
Non-carbonated	Georgia	13,283	13,130 Δ 1.2	
	Aquarius	3,201	2,886 Δ 9.8	
	Sokenbicha	2,974	2,871 Δ 3.5	
	Chinese Tea (Huang / Chaho)	1,045	612 Δ 41.4	
	Japanese Tea (Nagomi / Marocha)	1,684	1,877 11.5	
	Kochakaden	1,033	1,016 Δ 1.6	
	Love Body	—	178 —	
	Qoo, HI-C, etc.	1,251	1,190 Δ 4.9	
	Mori-no-Mizudayori	785	791 0.8	
	Winnie the Pooh	564	158 Δ 72.0	
	boco	—	522 —	
	Others	647	459 Δ 29.1	
	Total	26,466	25,689	Δ 2.9
	Others / Food Products	7,649	7,425 Δ 2.9	
Grand Total	41,438	40,216	Δ 3.0	

Sales by other bottlers not included

(2) Sales Volume by Package

Unit: M c/s, %

		Mid-term 2002	Mid-term 2003	'03/'02
can	Returnable	282	273	3.2
	One-way	700	301	57.0
	Sub -Total	982	574	41.5
PET	~ 350 ml	685	1,478	115.8
	~ 500 ml	5,147	4,721	8.3
	~ 1,000 ml	148	152	2.7
	~ 1,500 ml	2,085	2,008	3.7
	~ 2,000 ml	3,799	3,666	3.5
	Sub-Total	11,864	12,025	1.4
Cans	~ 200 ml	10,740	11,181	4.1
	~ 250 ml	1,540	1,202	21.9
	~ 280 ml	4,115	3,478	15.5
	~ 350 ml	3,285	1,654	49.6
	~ 500 ml	756	839	11.0
	Sub-Total	20,436	18,354	10.2
Bottle-cans		405	1,720	324.7
Others/Food Products		7,751	7,544	2.7
Grand Total		41,438	40,216	3.0

(3) Sales Volume by Business Unit

Unit: M c/s, %

	Mid-term 2002	Mid-term 2003	'03/'02
Vending Machines	16,110	15,686	2.6
Chain Stores	7,443	7,435	0.1
CVS/Retailers	12,673	12,031	5.1
CVS	4,544	4,646	2.2
Retailers	8,129	7,386	9.1
Food Services	4,187	4,056	3.1
Agencies	804	805	0.1
Others	220	202	8.2
Grand Total	41,438	40,216	3.0

* Sales by other bottler not included.

(4) Sales Status of New Products (including renewals)

① Sales Status

Unit: M c/s

	Mid-term 2002	Mid-term 2003
Product Categories	52	114
Sales Volume	7,465	8,568

② Main New Products for 2003

	Products	Month	Volume
1	Georgia European Blend 190g can	Jan.	1,937
2	Marocha 120 500ml PET	Feb.	539
3	Georgia Espresso Mild 190g can	Jan.	465
4	Georgia Morning Coffee 190g can	March	440
5	Marocha 120 340ml PET	Feb.	439
6	Huang Oolong-cha 2000ml PET	March	323
7	Georgia Café Latte 280ml can	April	291
8	Marocha 2,000ml PET	Feb.	233
9	boco 500mlPET	March	201
10	boco 300ml bottle-can	March	176

3. Installation Status of Vending Machines



(1) Machines Installed

Unit: machines

		CCWJ		Chugoku		Kyushu	
		Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05
Co. owned	Regular (can)	46,035	37,146	23,968	18,862	22,067	18,284
	Full-service (can)	75,788	85,336	29,044	34,126	46,744	51,210
	Cup	8,070	7,713	5,932	5,654	2,138	2,059
	Sub-total	129,893	130,195	58,944	58,642	70,949	71,553
Cust. Owned (can)		7,750	4,918	3,623	2,323	4,127	2,595
Grand Total		137,643	135,113	62,567	60,965	75,076	74,148

(2) Predatory

Unit: machines

		CCWJ		Chugoku		Kyushu	
		Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05	Mid-term Jun-05
Predatory		2,404	1,514	754	379	1,650	1,135

(3) Market Share

Unit: %

		CCWJ		Chugoku		Kyushu	
		Jun-05	Jun-05	Jun-05	Jun-05	Jun-05	Jun-05
Share		52.9	52.6	47.1	46.9	59.7	59.2

Source: Nielsen Open Market Vending Machine Survey

Survey Period: June of every year

4. Market Share

(1) Market Share by Manufacturer

(Unit: %)

	CCWJ		Chugoku		Kyushu	
	Mid-term 2002	Mid-term 2003	Mid-term 2002	Mid-term 2003	Mid-term 2002	Mid-term 2003
CCWJ	32.9	31.2	31.8	29.4	34.0	33.2
Totals for Competition	67.1	68.8	68.2	70.6	66.0	66.8
Suntory/Pepsi	12.1	11.8	11.4	11.7	12.8	11.9
Kirin	7.8	9.2	7.8	9.3	7.7	9.1
Asahi	4.4	4.3	4.2	4.1	4.5	4.5
Sapporo	0.7	0.7	0.7	0.6	0.7	0.7
Otsuka	4.7	4.8	4.8	4.8	4.6	4.6
Itoen	4.3	4.5	3.9	4.1	4.8	4.9
Dy-do	0.8	0.8	1.0	1.1	0.5	0.4
JT	1.1	1.1	1.1	1.2	1.1	0.9
UCC	0.8	1.0	1.3	1.4	0.4	0.5
Calpis	3.9	4.1	3.9	4.1	3.8	4.1
Others	26.5	26.5	28.1	28.2	25.1	25.2

(Source: Intage Store Audits)

(2) Market Share by Beverage Category

(Unit: %)

	CCWJ		Chugoku		Kyushu	
	Mid-term 2002	Mid-term 2003	Mid-term 2002	Mid-term 2003	Mid-term 2002	Mid-term 2003
Grand Total	32.9	31.2	31.8	29.4	34.0	33.2
Carbonated	59.2	56.0	58.7	55.4	59.7	56.6
Carbonated Cola	82.8	79.2	81.0	78.8	84.4	79.6
Clear Carb.	20.8	11.0	10.0	4.7	10.9	6.4
Flavor Carb.	56.4	63.3	58.2	62.9	54.1	63.6
Fruit Juice	17.4	13.2	19.2	14.4	15.4	11.7
Coffee	35.4	35.6	29.5	29.3	42.3	43.0
Canned Coffee	69.9	68.4	61.7	59.8	78.1	77.1
Tea	30.3	29.6	30.5	29.4	30.1	29.9
Chinese Tea	21.5	14.4	21.7	14.5	21.2	14.4
(Black) Tea	17.3	19.2	17.2	17.4	17.5	22.1
Japanese Tea	15.1	16.9	14.6	15.3	15.6	18.2
Blended Tea	78.2	75.5	76.1	74.5	80.3	76.8
Sports	55.0	52.2	56.1	52.8	53.7	51.5
Fitness	2.9	9.4	2.5	9.1	3.2	9.8
Lactic	9.1	15.4	6.7	12.7	12.5	19.5
Mineral Water	24.5	24.3	16.3	11.3	30.0	34.4

(3) Market Share by Store Types

(Unit: %)

	CCWJ		Chugoku		Kyushu	
	Mid-term 2002	Mid-term 2003	Mid-term 2002	Mid-term 2003	Mid-term 2002	Mid-term 2003
Total	32.9	31.2	31.8	29.4	34.0	33.2
SM	30.7	28.4	29.3	26.4	32.4	31.1
CVS	25.4	25.7	24.8	26.2	25.8	25.3
Liquor	50.0	49.1	45.6	43.6	55.7	56.1
Food	49.4	48.4	52.8	47.2	47.2	49.3
Drug	11.6	17.3	9.3	10.5	18.5	31.5

(Source: Intage Store Audits)

Reference: Market Share by Month & Previous Year Comparisons

(Unit: %; points)

		2-Jul	Aug	Sept	Oct	Nov	Dec	3-Jan	Feb	March	April	May	June
CCWJ	Share	30.7	31.6	32.4	32.6	33.8	34.5	34.1	32.2	32.9	30.7	30.5	28.5
	Previous Yr.	—	—	—	—	—	—	+0.2	▲0.5	▲0.7	▲1.9	▲1.5	▲4.2
Chugoku	Share	29.4	29.9	30.2	30.5	32.0	33.6	32.5	30.4	31.2	29.0	28.5	26.5
	Previous Yr.	—	—	—	—	—	—	▲0.3	▲1.7	▲1.6	▲2.1	▲2.0	▲5.3
Kyushu	Share	32.2	33.7	34.8	34.7	35.7	35.5	35.8	34.2	34.7	32.6	32.6	30.8
	Previous Yr.	—	—	—	—	—	—	+0.9	+0.8	+0.3	▲1.5	▲0.8	▲3.0
Suntory	Share	12.0	11.6	11.0	10.9	11.2	12.3	11.6	11.6	11.5	12.1	12.1	12.0
	Previous Yr.	—	—	—	—	—	—	▲0.7	▲0.5	▲0.5	▲0.8	▲0.6	+0.8
Kirin	Share	7.9	8.0	8.1	8.6	8.2	7.9	8.2	8.3	9.5	9.9	9.6	9.3
Asahi	Share	4.3	3.8	3.5	3.7	3.5	3.6	3.9	4.7	4.8	4.5	4.1	3.9
Otsuka	Share	5.1	5.0	4.5	4.2	4.4	4.9	5.7	5.2	4.7	4.2	4.4	4.6
Itoen	Share	4.6	4.5	4.7	5.0	4.8	4.2	4.5	4.4	4.0	4.1	4.5	5.1

(Source: Intage Store Audits)

5. Shareholder Status



(1) Shareholders / Shares

(Unit: People; 1,000 shares; %)

	End Dec. 2002				End June 2003			
	Shares	%	Shares	%	Shares	%	Shares	%
Financial Institutions	91	0.6	17,299	20.9	82	0.6	18,225	22.0
Domestic (Security) Co's.	381	2.6	40,706	49.1	372	2.5	38,160	46.1
Foreign-affiliated Companies, etc.	164	1.1	12,968	15.6	159	1.1	12,290	14.8
Individuals, etc.	14,314	95.7	10,951	13.2	13,976	95.8	10,482	12.6
Repurchased stock	1	0.0	975	1.2	1	0.0	3,742	4.5
Total	14,951	100.0	82,899	100.0	14,590	100.0	82,899	100.0

(2) Dividend / Dividend Ratio

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 (tentative)
Net profit for term per share (¥)	201.83	152.56	144.08	124.27	122.20	113.67	77.82	17.62	85.49	132.65
Shareholder capital per share (¥)	2,249.13	1,857.48	1,977.46	1,895.49	1,816.64	2,107.74	2,151.52	1,950.07	2,009.39	2,109.80
Annual dividend per share (¥)	17.50	20.00	25.00	27.00	30.00	32.00	32.00	34.00	34.00	34.00
(Mid-term) (¥)	0.00	10.00	12.50	13.50	15.00	15.00	16.00	16.00	17.00	17.00
(Term end) (¥)	17.50	10.00	12.50	13.50	15.00	17.00	16.00	18.00	17.00	17.00
Dividend ratio (%)	9.2	13.7	18.0	21.9	25.9	26.7	42.7	108.9	52.1	27.9
"minashi" Dividend ration (%)	11.9	13.7	19.7	24.1	25.9	26.7	46.9	108.9	52.1	27.9

(3) Installment Payments

- For those owning shares on the last day of Dec. 1994: 1 : 1. 3 (as of Feb. 15, 1995)
- For those owning shares on the last day of Dec. 1996: 1 : 1. 1 (as of Feb. 20, 1997)
- For those owning shares on the last day of Dec. 1997: 1 : 1. 1 (as of Feb. 20, 1998)
- For those owning shares on the last day of Dec. 2000: 1 : 1. 1 (as of Feb. 20, 2001)

(1) Facility Investment, Depreciation (consolidated)

(Unit: ¥million)

		Mid-term 2002	2003	
			Mid-term	1-yr Projection
Facility Investment	Land	1,562	92	762
	Bldgs./Structures	1,480	158	2,448
	Machinery/Equipment	2,996	832	1,802
	Sales Machinery	7,212	6,670	9,680
	Others	2,414	1,108	2,487
Total		15,665	8,863	17,183
Depreciated Amount		7,024	7,261	15,511

(2) Cash Flow (consolidated)

(Unit: ¥million)

	Cash Flow from Sales Activities	Cash Flow from Investment Activities	Cash Flow from Financial Activities	End of Term Balance Cash, Liquidable Assets
Mid-term 2002	8,112	13,022	1,450	31,341
Mid-term 2003	※ 7,694	8,591	9,754	24,754

※ Main Breakdown:

- Sales Activities: +¥12.9 B
- One-time Payments for Employee Transfers: -¥ 4.3 B
- Corporate Tax, etc.: -¥900 MM

7. Status of Mikasa CCBC



Business Performance (simple)

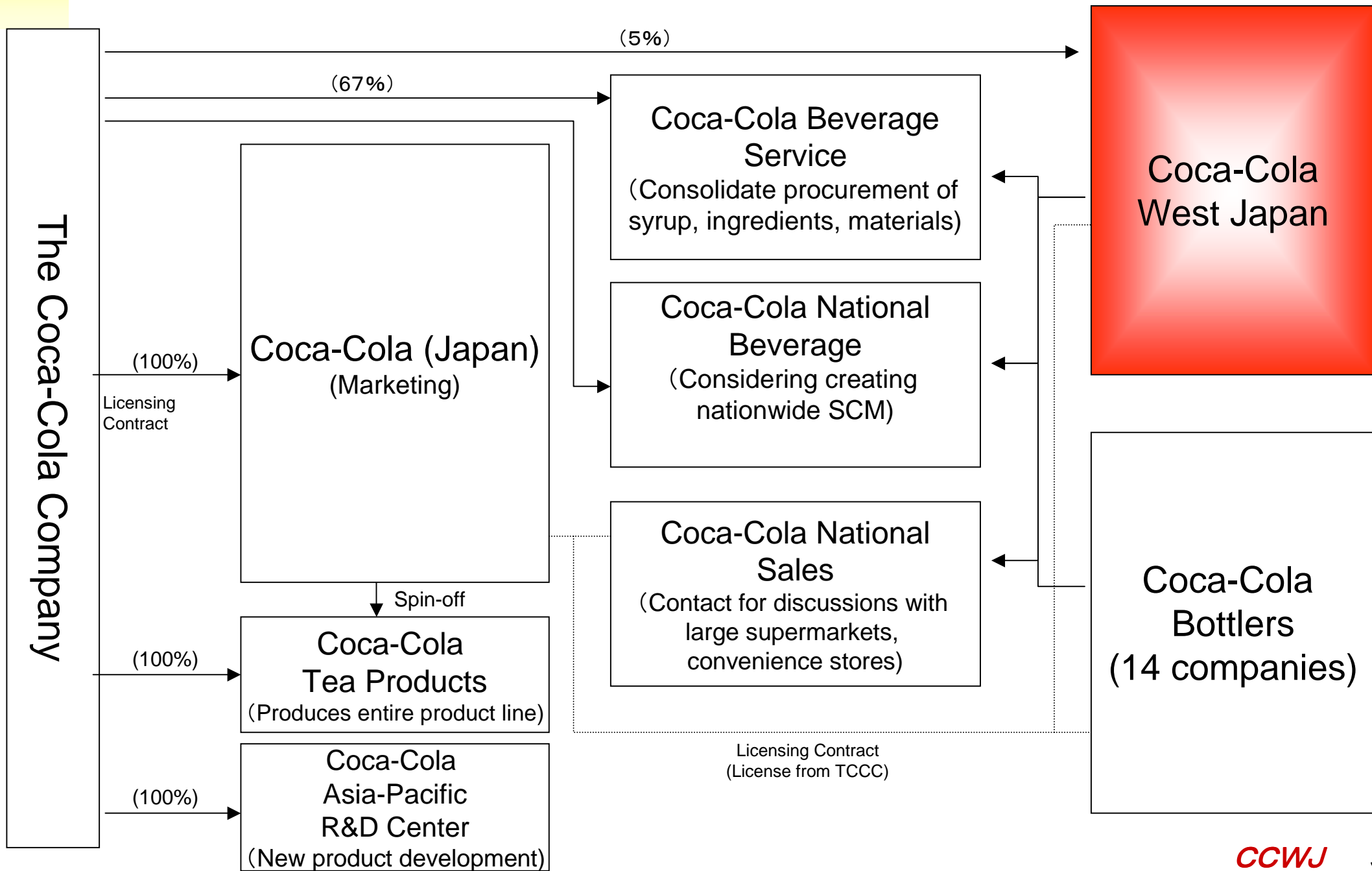
(Unit: ¥million; %)

	Mid-term 2002	Mid-term 2003					
		Plan	Results	Comparison to Plan		Previous Yr. Comparison	
				Variance	Rate	Variance	Rate
Revenues	14,533	14,973	14,176	797	5.3	357	2.5
Sales Profits	224	126	412	286	—	188	83.9
Ordinary Profits	249	131	399	268	—	150	60.2
Net Profits for Term	212	90	266	176	—	54	25.5

Within Area	7,361	7,686	7,174	512	6.7	187	2.5
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(Unit: 1,000 cases; %)

8. The Coca-Cola System in Japan



1. The Coca-Cola System

- TCCC (The Coca-Cola Company)

 - Head Office: Atlanta. The focal point of the entire Coca-Cola System.

- CCJC (Coca-Cola (Japan) Co., Ltd.)

 - The company incorporated in Japan by The Coca-Cola Company

- CCNC (Coca-Cola National Sales Co., Ltd.)

 - Holds consolidated discussions with large supermarkets convenience stores, etc.

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

 - Examines and studies optimum structures for SCM on nationwide level.

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

 - Conducts joint procurement of syrup, ingredients, materials for the bottlers, including packing/wrapping materials, sweetening ingredients, sales machinery.

- TCO (Coca-Cola Tea Products Co., Ltd.)

 - Manages the manufacture and distribution of tea and mineral water products.

2. Business Units

- **Vending Machines**

- Retail operations for vending machines.

- **Chain Stores**

- Wholesale operations for supermarkets.

- **Convenience Stores/Retailers**

- Operations for convenience stores and ?? (general food stores, liquor stores, etc.)

- **Food Services**

- Operations for sales of syrup.

- **Agencies**

- Companies cooperating to handle operations in outlying islands and remote locations.

- **NNB (Nishi Nihon Beverage)**

- **Main operations: vending machine operations centered on Coca-Cola products.**

- **CCWJP (Coca-Cola West Japan Products)**

- **Main operations: beverage manufacturing**

- **CCWJV (Coca-Cola West Japan Vending)**

- **Main operations: vending machine operation**

- **NCS (Nishinohon Customer Service)**

- **Main operations: vending machine installation, repairs/maintenance, hygiene control, etc.**

- **LJ (Logicom Japan)**

- **Main operations: Transporting cargo and vehicles**

3. Vending Machine-related

- Vending Machine with Regular Installation
 - Machine lent free of charge to customer who must manage it themselves
(To sell products that we wholesale to them)
- **Vending Machine with Full-Service Installation**
 - Machine that we install and manage directly (replenishment of product, management of sales revenues, etc.) (We pay a location fee to the location owner.)
- Indoor Market
 - Machine installed indoors and used by a relatively specific group of customers.
- Outdoor Market
 - Machine installed outdoors that is used by non-specific groups of customers.
- Predatory (activity, action)
 - To capture machine installation location occupied by a rival company for our own use, or at least get the rival machine removed.
- Grade-up
 - To replace an existing machine at an outlet with a different one to better accommodate customer needs and sales trends (such as changing the size of the machine, or replacing it with one that can dispense PET bottlers.)
- Upgraded VCCS Vending Machines
 - Machine with additional functions not found on conventional machines, such as ability to display messages, accommodate remote online control over warming/chilling mode switching, notify when repair/maintenance is required.

4. Convenience Stores / Retailer-related

- **Customer Management**

- Promote sales through the use of proposal-based sales activities directed at clients.

- **Club Coca-Cola**

- A client showing a potential demand for our products that can be revealed and capitalized upon through the use of proposal-base sales activities.

5. Others

- **COMIX**

- Coca-Cola Money Index. Our own index for evaluating business performance that makes calculations for each business unit, based on sales profits plus asset increase/decrease.

- **Sales Mix**

- Includes variances in budget amounts and actual amounts due to increases/decreases in product costs, as well as variances in budgeted amounts and actual amounts due to changes in product composition.

The plans, business performance projections, and strategies presented in this Appendix were based on judgments made by our managers in view of the data understood at the time they were announced. The projections are only projections for the future and we wish you to be aware of the possibility that they may differ greatly from the eventual results once they are known. The following are the main factors that could cause these discrepancies:

- Market agitation due to price wars
- Changes in economic trends in the market environment surrounding our operations
- Large changes in market prices in the capital market
- Any of a number of other undeterminable factors