

Financial Results Presentation for Fiscal Year 2004

February 8, 2005



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I . Fiscal 2004 Overview and Fiscal 2005 Plan

1. Fiscal 2004 Results in Summary	3
2. Fiscal 2004 Earnings Summary	.....	5
3. Fiscal 2005 Plan		
(1) Midterm management policy & actions	.....	13
(2) Strategic positioning for Fiscal 2005	.....	14
(3) Focus issues	.....	15
(4) Earnings plan	.....	22
(5) Factors of change from fiscal 2004	.....	26
(6) Mikasa CCBC	.....	27
(7) Consolidated net sales and operating income trends	.....	28

II . Fiscal 2005 Marketing Activities

1. Branding Strategy		
(1) Strengthen flagship brands	.....	30
(2) Launch new products effectively	.....	32
2. Distribution Strategy		
(1) Vending	.....	40
(2) Chain stores	.....	47
3. Marketing Plan in Summary	.....	56

Appendix

1. Consolidated Financial Statements

(1) Consolidated statement of income	.....	58
(2) Non-consolidated statement of Income	.....	59
(3) Major SG&A expenses	.....	60
(4) Non-operating and extraordinary accounts	.....	61
(5) Balance sheets	.....	62
(6) Statement of cash flows	.....	64

2. Sales Volumes

(1) By brand	.....	65
(2) By package	.....	66
(3) By channel	.....	67
(4) New/renewal product sales	.....	68

3. Vending Machine Installation

4. Home Market Share

(1) About Intage store audit	.....	71
(2) Home market share by manufacturer	.....	72
(3) Home market share by category	.....	73
(4) Home market share by industry	.....	74

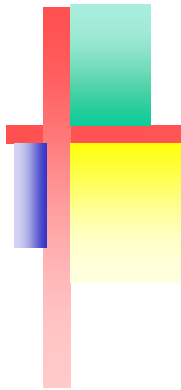
5. Consolidated Capital Investment and Depreciation

6. Major Shareholders

7. Coca-Cola Group Companies

8. Coca-Cola System in Japan

9. Glossary

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I . Fiscal 2004 Overview and Fiscal 2005 Plan

1. Fiscal 2004 Results in Summary



(1) Consolidated results for fiscal 2004

A. Sales volume: 2.1% below plan; 1.2% up on fiscal 2003

- Robust sales during January to July due to the short rainy season and intensely hot summer
- Sales slow down after August due to four typhoons. Georgia sales especially affected by the warm winter
- Home market share fell 2 percentage points from a year ago to 28.5%

B. Net sales: ¥1.7 bn (0.7%) below plan; ¥12.4 bn (5.2%) up on fiscal 2003

C. Operating income: ¥1.1 bn (6.3%) below plan; ¥ 2.7 bn (14.1%) below fiscal 2003

*¥1.5 bn (12.2%) up on fiscal 2003, excluding the effects of change in retirement benefit program

(2) Coca-Cola National Beverage (CCNBC) started full operation

- Cost Reduction Program (CRP) benefits from nationwide integration of SCM exceeded plan

(3) Mikasa CCBC maintains strong performance

- Sales and earnings exceeded figures for fiscal 2003 and plan

(4) “Reform from Within” midterm management plan

Promoting activities to advance operations from the customer’s viewpoint

- Consolidate business unit system
- Ensure fresh product supply
 - Inventory volume: 150,000 cases below fiscal 2003 (month-end average)
 - Product disposal: ¥450 mn below fiscal 2003
- IT promotion
 - Online vending machines: 6,600 (as of Dec. 31, 2004)

Objectives for 2005

More net sales, higher market share

Higher earnings

2. Fiscal 2004 Earnings Summary



(1) Earnings results

A. Consolidated

(million yen, %)

	Fiscal 2003	Fiscal 2004					
		Plan*	Results	vs. plan		vs. fiscal 2003	
				amount	ratio	amount	ratio
Net sales	240,825	255,000	253,248	-1,751	-0.7	12,422	5.2
Operating income	19,638	18,000	16,860	-1,139	-6.3	-2,777	-14.1
Recurring profit	19,895	18,300	17,065	-1,234	-6.7	-2,829	-14.2
Net income	9,380	10,000	8,564	-1,435	-14.4	-815	-8.7

* The plan announced on August 2, 2004

B. Non-consolidated

(million yen, %)

	Fiscal 2003	Fiscal 2004					
		Plan	Results	vs. plan		vs. fiscal 2003	
				amount	ratio	amount	ratio
Net sales	186,176	199,000	195,066	-3,933	-2.0	8,890	4.8
Operating income	17,881	16,300	15,024	-1,275	-7.8	-2,857	-16.0
Recurring profit	18,323	16,700	15,545	-1,154	-6.9	-2,778	-15.2
Net income	10,259	9,200	8,353	-846	-9.2	-1,906	-18.6

* The plan announced on August 2, 2004

Sales volume

(thousand cases, %)

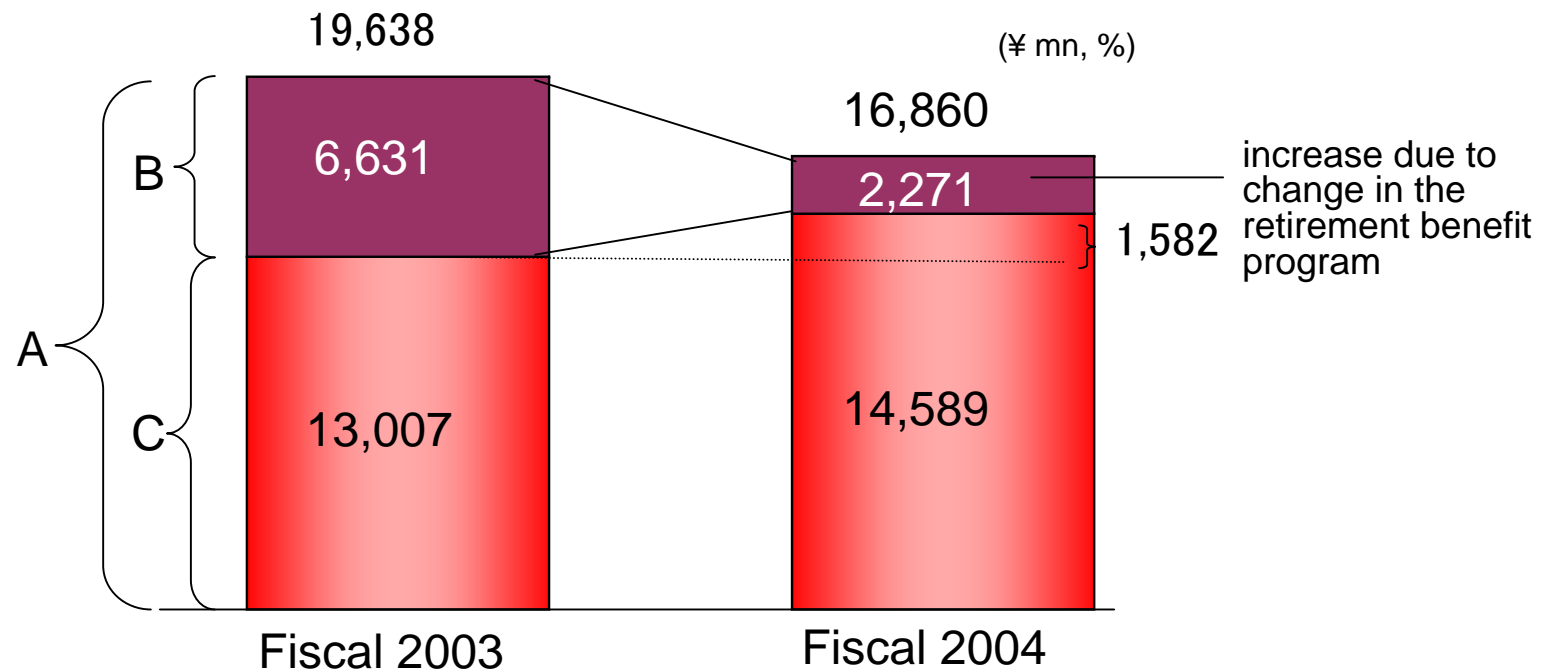
Incl. other bottlers	94,219	99,117	98,110	-1,007	-1.0	3,891	4.1
Within territories	86,025	88,978	87,096	-1,882	-2.1	1,072	1.2

Reference 1: Major factors of change on a non-consolidated base

	Sales volume (thousand cases)	Net sales (¥ mn)
Record hot summer	600	1,200
Damage from frequent typhoons	-900	-1,800
Contribution of new products	-600	-1,200
Shortfall in chain store sales against plan	-1,000	-1,500

* The plan announced on August 2, 2004

Reference 2: Comparison of consolidated operating profit, excluding the increase due to change in the retirement benefit program



Increase due to change in the retirement benefit program	(B)	6,631	2,271	-4,360	-65.8
Comparative operating income	(C) = (A) - (B)	13,007	14,589	1,582	12.2

Reference 3: Coca-Cola National Beverage Company (CCNBC) contributions to CCWJ

Cost Reduction Program achievements

(¥ mn)

		2004 plan	Fiscal 2004
Fall in supply cost of former toll products		500	1,260
Joint procurement	FC product materials ¹	300	570
	Sales machine ² purchases	200	112
	Sub-total	500	682
Total		1,000	1,942

1. Cans, PET bottles, bottle caps, cardboard, etc.
2. All types of machine, including can vending machines, CVM equipment, and syrup dispensers.

(2) Major reasons for divergence from plan* (consolidated)

*The plan announced on August 2, 2004

(¥ bn)

Net sales -1.7

• Sales volume decrease within the home area	-3.9
• Sales volume increase at other bottlers	+1.2
• Sales mix	-0.8
• Income from processing contracts	-0.1
• Transfer from Mikasa CCBC	+1.0
• Transfer from other group companies	+0.9

Operating income -1.1

Cost of sales	+0.2
• Sales volume decrease within the home area	-2.3
• Sales volume increase at other bottlers	+1.1
• Sales mix	+0.5
• CCNBC effect	-0.7
• Costs of processing contract	-0.1
• Transfer from Mikasa CCBC	+0.7
• Transfer from other group companies	+1.0

Recurring profit -1.2

Selling, general & administrative expenses	-0.8
• Personnel expenses	-0.7
• Advertising expenses	-0.3
• Others	+0.2

Net income -1.4

Non-operating income	—
Non-operating expenses	+0.1
Extraordinary income	+0.1
Extraordinary losses	+1.9
• Lump-sum write-off of the actuarial difference pertaining to returning retirement benefit assets to the Government	+0.6
• Impairment losses	+0.5
• Damage from typhoons	+0.2
• Loss on disposal of properties	+0.1
• Others	+0.5
Income taxes	-1.5
Minority interests	-0.1

(3) Major reasons for divergence from fiscal 2003 (consolidated)

(¥ bn)

Net sales +12.4

• Sales volume increase within the home area	+3.7
• Sales volume increase at other bottlers	+3.5
• Sales mix	+2.6
• Transfer from Mikasa CCBC	+2.6

Operating profit -2.7

Cost of sales	+6.6
• Sales volume increase within the home area	+1.9
• Sales volume increase at other bottlers	+3.2
• Sales mix	+1.9
• CCNBC effect	-1.6
• Decreased products disposed	-0.2
• Costs of processing contract	+0.2
• Transfer from Mikasa CCBC	+1.6
• Transfer from other group companies	-0.4

Selling, general & administrative expenses	+8.5
• Personnel expenses, incl. retirement benefit related	+5.2
• Selling fees	+1.9
• Fees payable on contract operation	+0.9
• Advertising expenses	+0.6
• Others	-0.1

Recurring profit -2.8

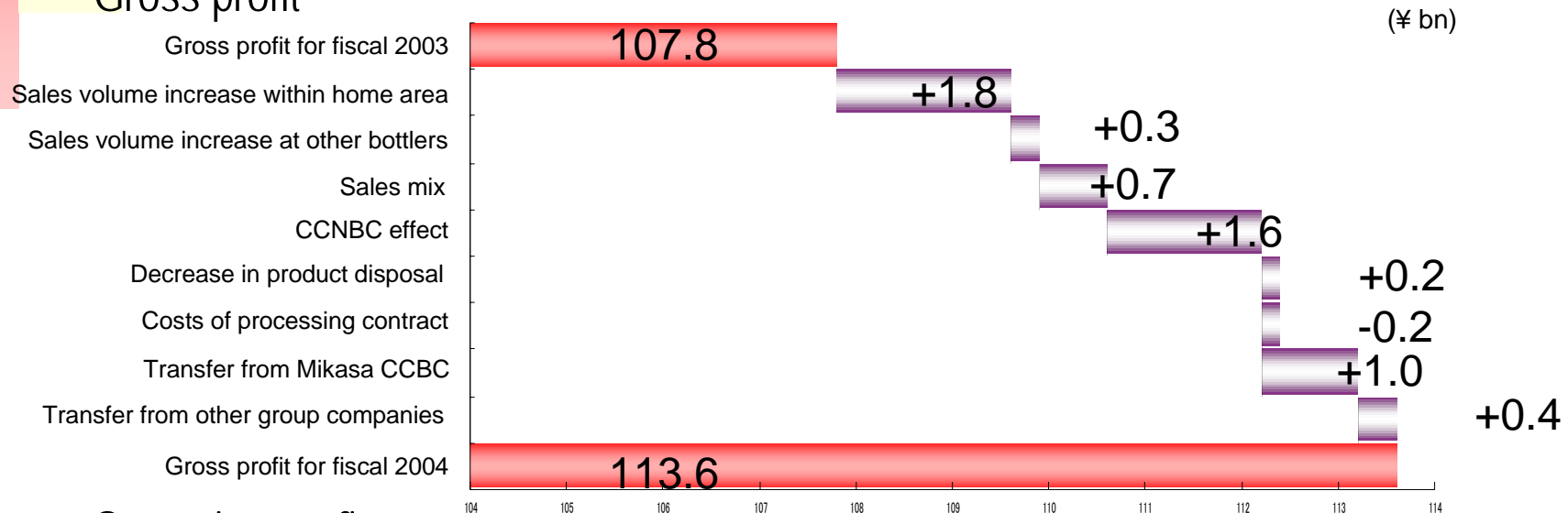
Non-operating income	-
Non-operating expenses	+0.1

Net income -0.8

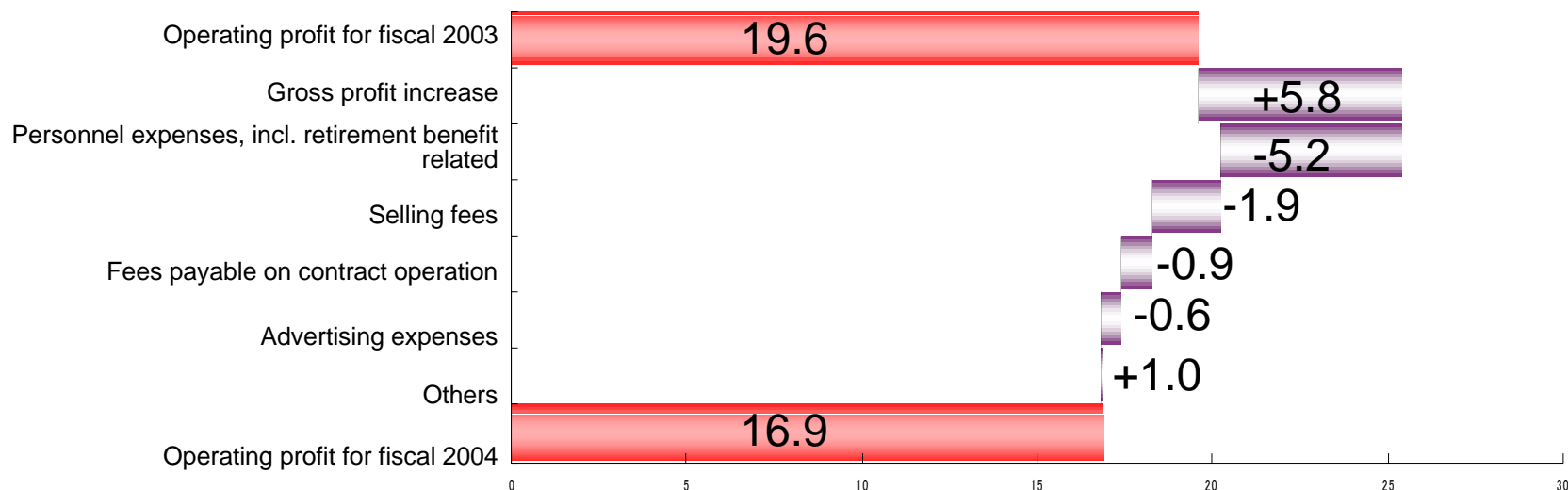
Extraordinary income	-0.1
Extraordinary losses	+0.4
• Works on machinery to accept new Yen notes	+0.6
• Lump-sum write-off of the actuarial difference pertaining to returning retirement benefit assets to the Government	+0.6
• Impairment losses	+0.5
• Expenses on consolidating subsidiaries	-0.8
• Others	-0.5
Income taxes	-3.3
Minority interests	+0.8

Reference: Consolidated gross profit & operating income

Gross profit



Operating profit



(4) Mikasa CCBC

Results

(¥ mn, thousand cases, %)

	Fiscal 2003	Fiscal 2004					
		Plan	Results	vs. plan		vs. fiscal 2003	
				amount	ratio	amount	ratio
Net sales	29,608	31,062	32,292	1,230	4.0	2,684	9.1
Operating income	-454	146	422	275	187.7	876	-
Recurring profit	-430	160	463	302	188.4	893	-
Net income	-2,091	131	376	245	186.6	2,468	-
Sales volume	15,220	15,836	16,075	239	1.5	855	5.6

Major activities

- Joint marketing with Kinki CCBC
- Management system restructured
- New human resources system launched

3. Fiscal 2005 Plan



(1) Midterm management policy and actions

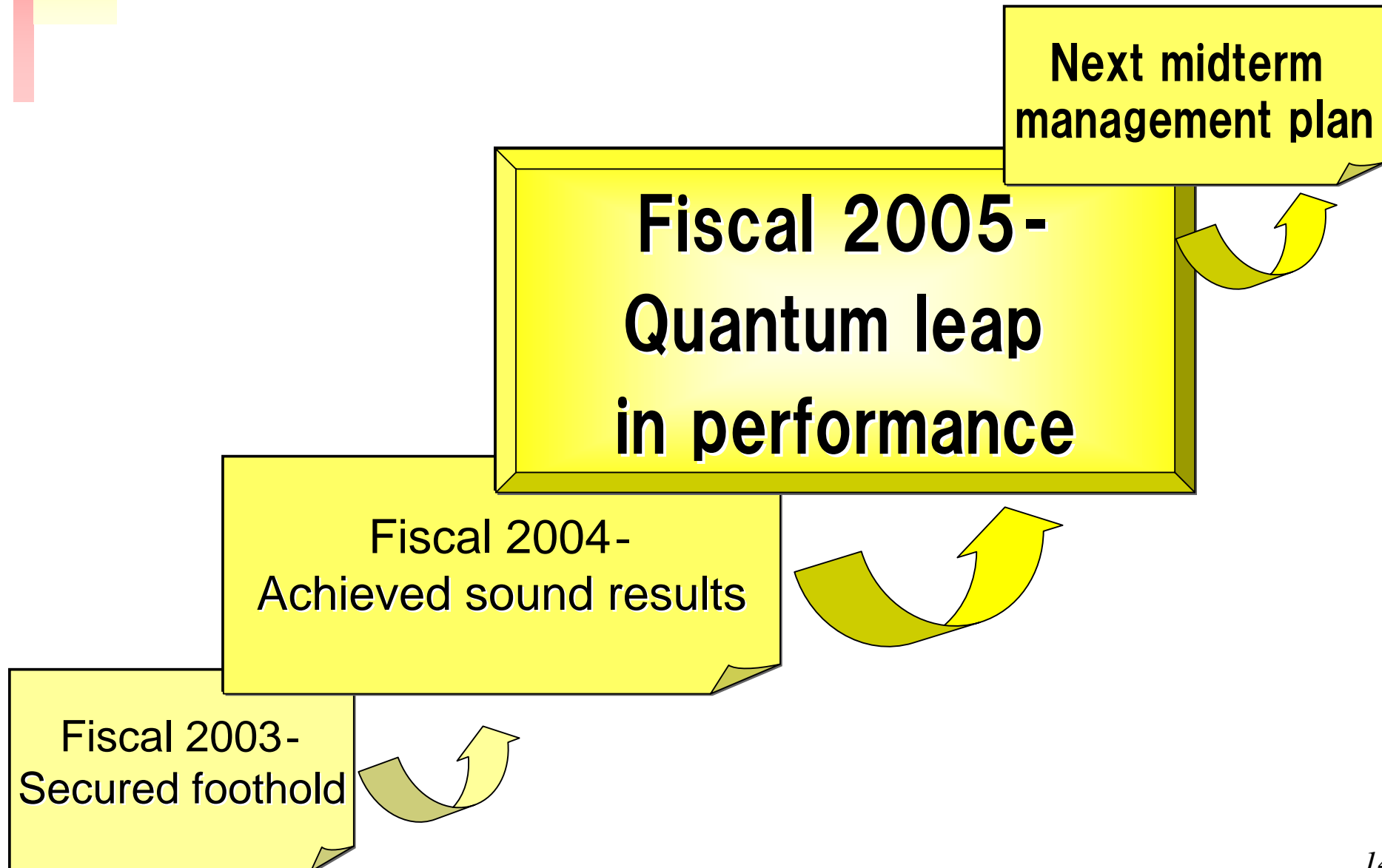
“Reform from Within”

- The CCWJ Group as customers' favorite brand
- The CCWJ Group as leader of the beverage industry
- The CCWJ Group as ever-improving service and function provider
- The CCWJ Group that draws on organizational and personnel strengths
- The CCWJ Group as social-cooperative corporate citizen

Basic policies

- Build up a new business system
- Strengthen the CCWJ Group management
- Innovate human resources management
- Develop symbiosis with the community

(2) Strategic positioning for fiscal 2005



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(3) Focus issues

More net sales, higher market share

Higher earnings

Better quality management

A. More net sales, higher market share

More net sales, higher market share

Branding strategy

- Strengthen flagship brands
- Launch new products effectively

Channel strategy

- Vending: Strengthen competitiveness and profitability around client and account services
- Retailing: Boost market share and earnings around merchandising that meet the clients' vision
- Chain stores: Increase solid sales and market share alongside profitability
- Food services: Establish new revenue sources

B. Higher earnings

Higher earnings

Improve earnings at chain stores

First stage
(1960 to 1st half of 1980s)

Regular business

- Strong expansion through direct sales

Second stage
(2nd half of 1980s to 1990s)

Vending business

- Sales and earnings increase with the new business model

Third stage
(2000 to present)

Chain store business

- Market vital for sales and earnings growth

- ◆ **Improve earnings at chain store market**

Improve earnings at chain store market

Set up projects with CCJC

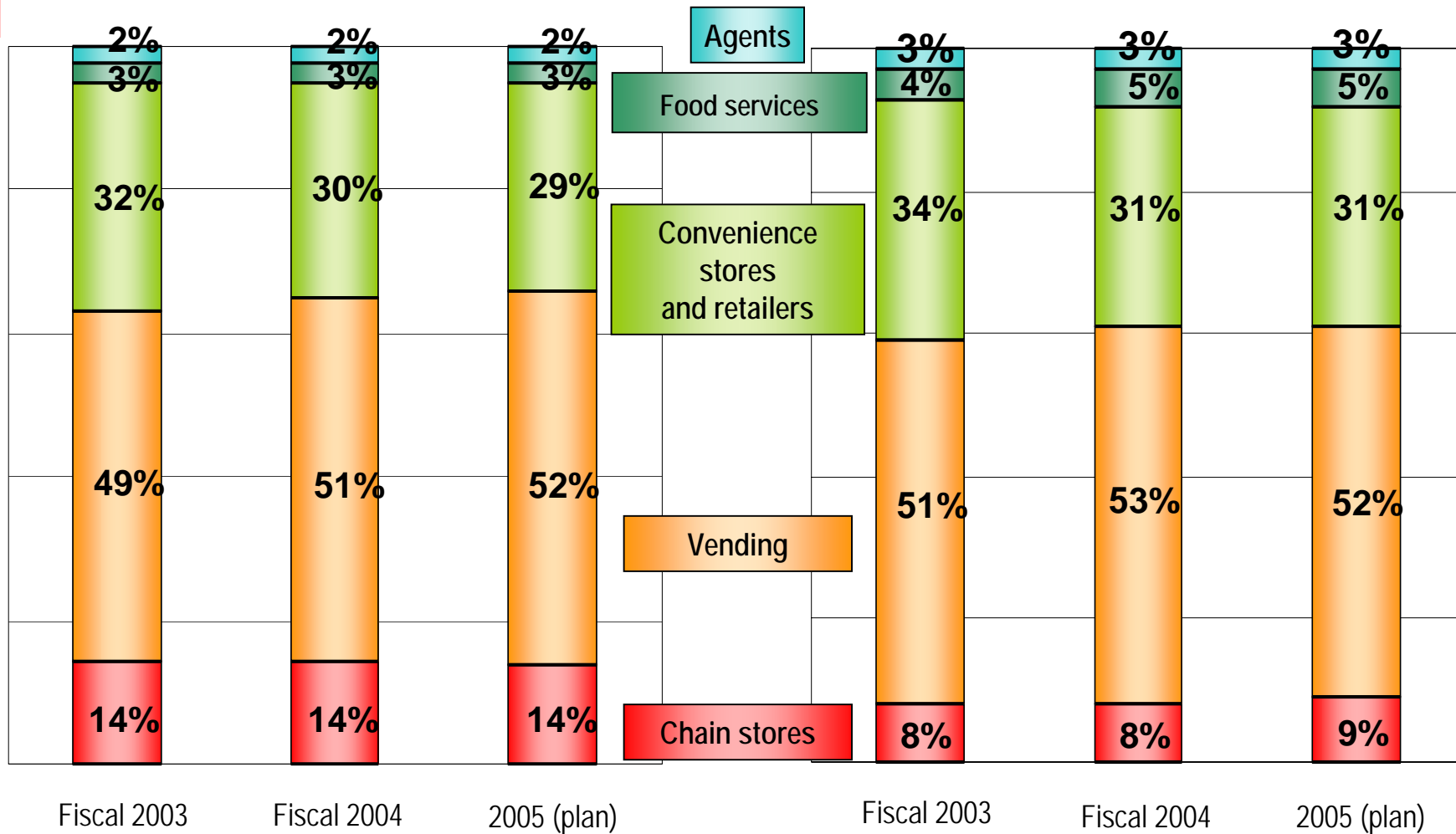
Strong sales promotion focused on accounts

Management through newly created activity index

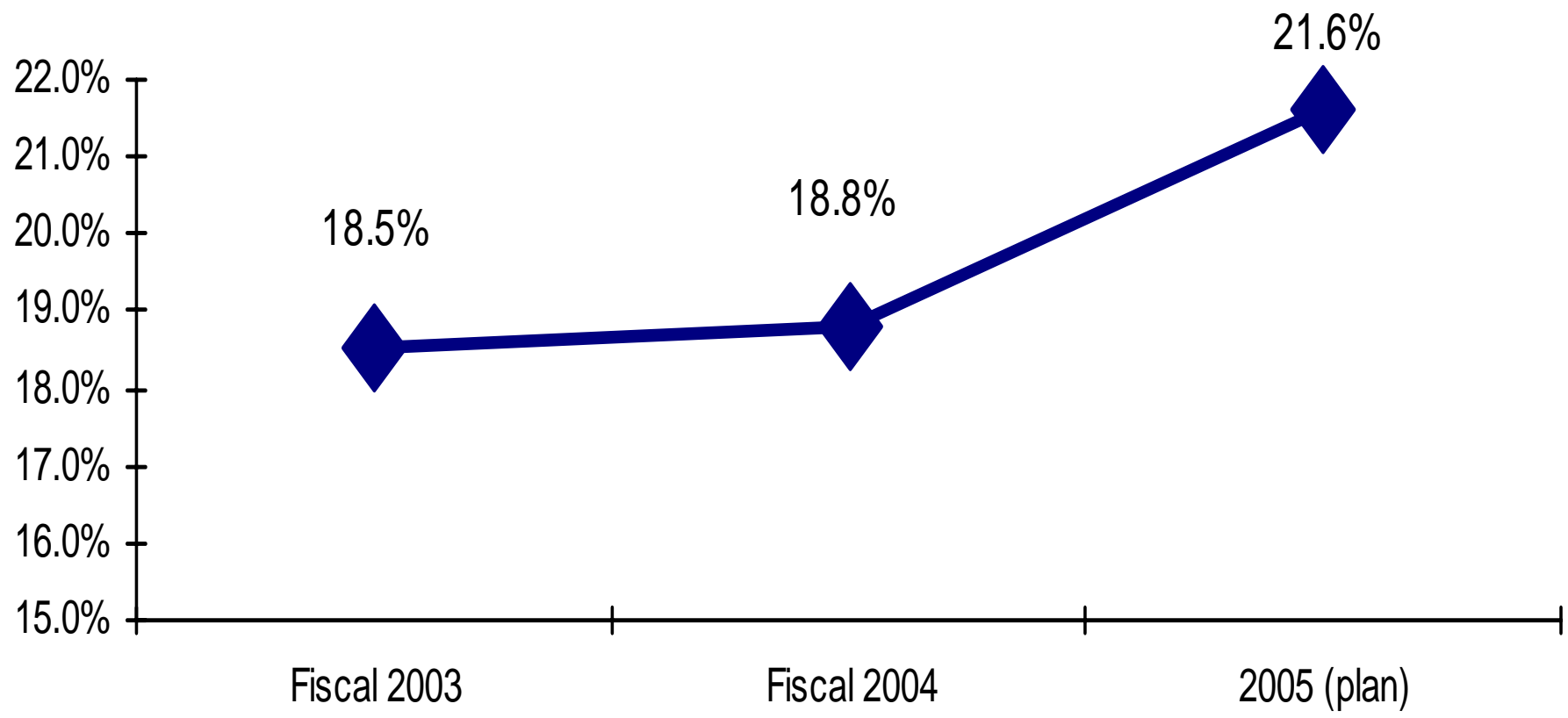
◆ Sales and earnings by channel

Net sales

Earnings contribution (gross profit-variable cost)



◆ Net sales share of chain store sales



C. Better quality management

Better quality management

Ensure fresh product supply

Exploit IT system

Higher time productivity

Broader “V-Comix” application

(4) Earnings plan

Preconditions and their effects

- ◆ CCNBC starts full operation;
 - Sales volumes fall at other bottlers ⇒ net sales, cost of sales
 - Contract production increase ⇒ net sales, cost of sales
 - Change of rebate rate table ⇒ net sales, cost of sales, SG&A

- ◆ Changes to accounts processing accompanying taxation revision
 - Introduction of external standard taxation ⇒ SG&A

- ◆ End of effect from change of retirement benefit program

- ◆ End of negative effect on retirement benefit expenses ⇒ SG&A

A. Consolidated

(¥ mn, %)

	Fiscal 2004	2005 (plan)	Change	
			amount	ratio
Net sales	253,248	254,800	1,551	0.6
Operating income	16,860	15,600	-1,260	-7.5
Recurring profit	17,065	15,900	-1,165	-6.8
Net income	8,564	8,600	35	0.4

B. Non-consolidated

(¥ mn, %)

	Fiscal 2004	2005 (plan)	Change	
			amount	ratio
Net sales	195,066	198,300	3,233	1.7
Operating income	15,024	14,300	-724	-4.8
Recurring profit	15,545	14,800	-745	-4.8
Net income	8,353	8,300	-53	-0.6

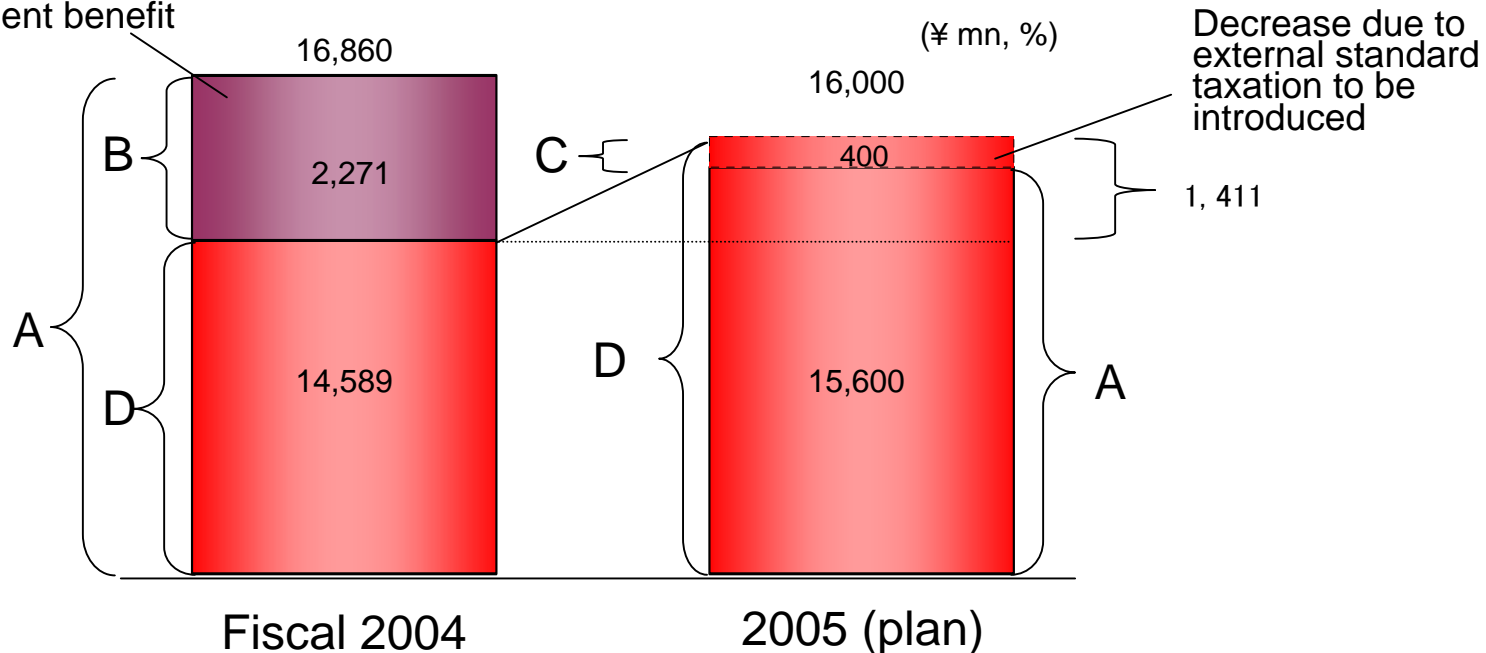
Sales volume

(thousand cases, %)

Home area	87,096	91,000	3,904	4.5
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Reference 1: Comparison of consolidated operating income, excluding retirement benefit change and taxation amendment effects

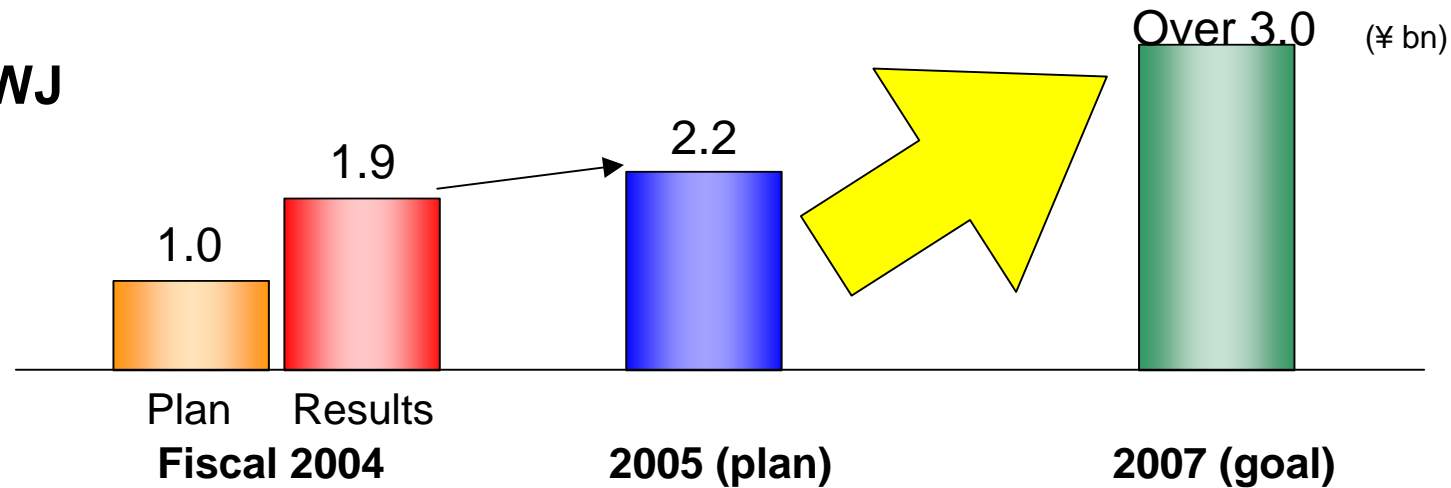
Increase due to change of the retirement benefit program



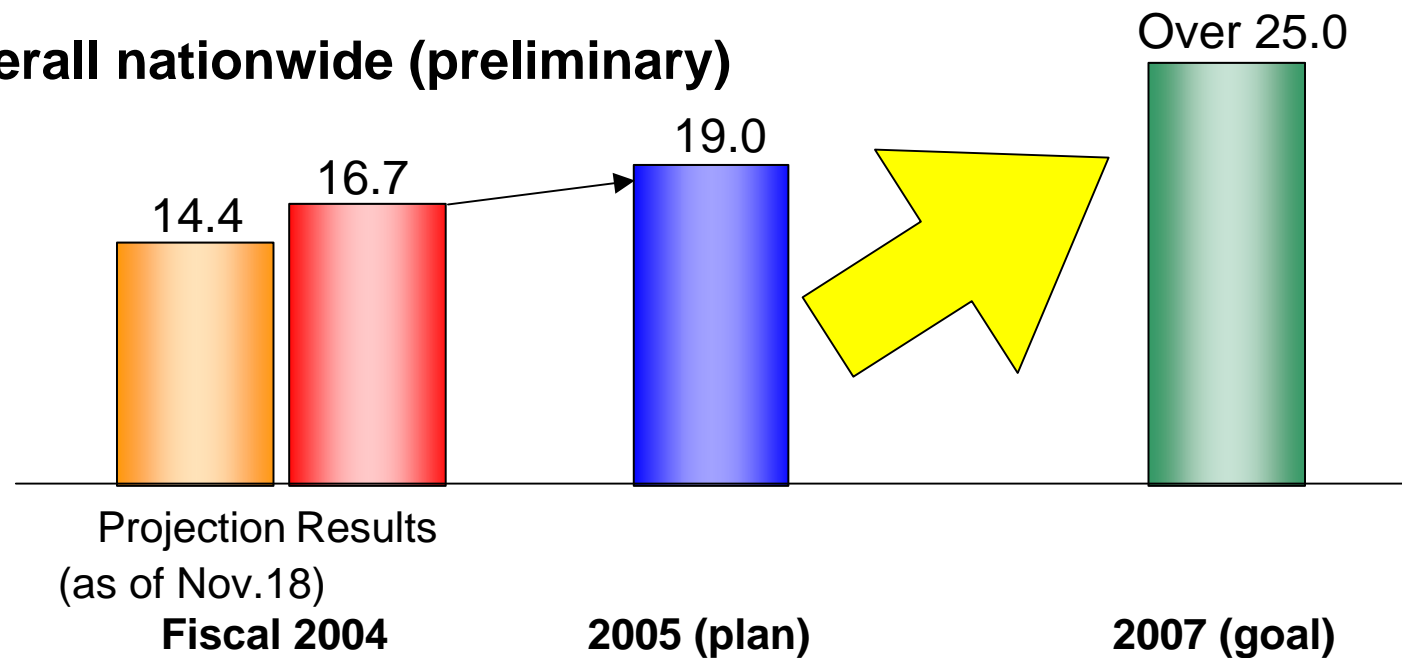
		Fiscal 2004	2005 (plan)	Change	
				amount	ratio
Operating income	(A)	16,860	15,600	-1,260	-7.5
Increase due to change of retirement benefit program	(B)	2,271	-	-2,271	-
Decrease due to taxation amendment	(C)	-	-400	-400	-
Comparative operating income	(D) = (A) - (B) - (C)	14,589	16,000	1,411	9.7

Reference 2: CCNBC's CRP effect (compared to fiscal 2003)

CCWJ



Overall nationwide (preliminary)



(5) Factors of change from fiscal 2004 (consolidated)

(¥ bn)

Net sales +1.6

• Sales volume increase within home area	+8.9
• Sales mix	+2.2
• Change of rebate rate table	-3.9
• CCNBC effects: sales volume decrease at other bottlers	-12.1
contract production increase	+6.5

Operating income -1.2

Cost of sales	-0.4
• Sales volume increase within home area	+5.2
• Sales mix	+2.5
• Change of rebate rate table	-3.1
• Changes at other group companies	+0.2
• CCNBC effects: sales volume decrease at other bottlers	-11.8
contract production increase	+6.6
Selling, general & administrative expenses	+3.2
• Retirement benefit expenses	+2.3
• Selling fees	+0.8
• External standard taxation	+0.4
• Operation contract expenses	+0.6
• Advertising expenses	+0.4
• Change of rebate rate table	-0.8
• Others	-0.5

Recurring profit -1.1

Non-operating income	—
Non-operating expenses	-0.1

Net income 0.0

Extraordinary income	-0.2
Extraordinary losses	-1.2
• Works on machinery to accept new Yen notes	+0.6
• Lump-sum write-off of the actuarial difference pertaining to returning retirement benefit assets to the Government	-0.6
• Impairment losses	-0.5
• Others	-0.7
Income taxes	-0.1
Minority interests	—

(6) Mikasa CCBC

Results

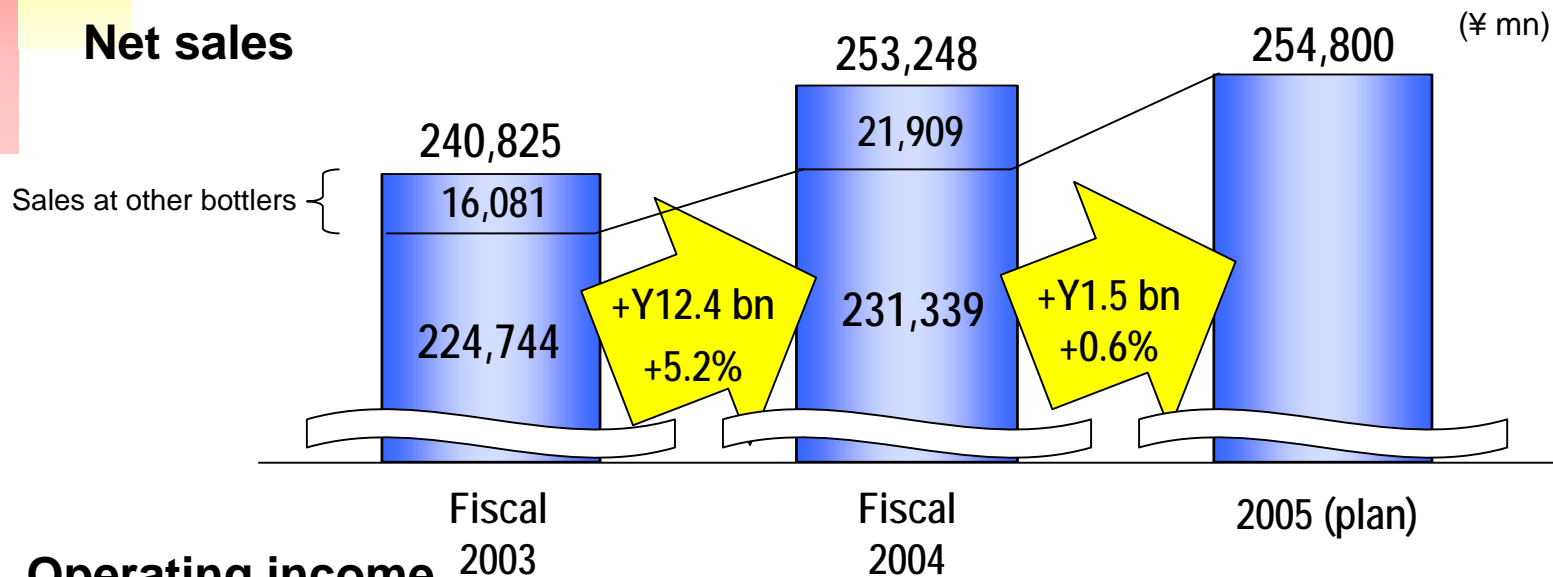
(¥ mn, thousand cases, %)

	Fiscal 2004	2005 (plan*)	Change	
			amount	ratio
Net sales	32,292	30,268	-2,024	-6.3
Operating income	422	480	58	13.7
Recurring profit	463	500	37	8.0
Net income	376	300	-76	-20.2
Sales volume	16,075	16,400	325	2.0

* The 2005 plan includes figures for Mikasa Beverage Service Co., Ltd.

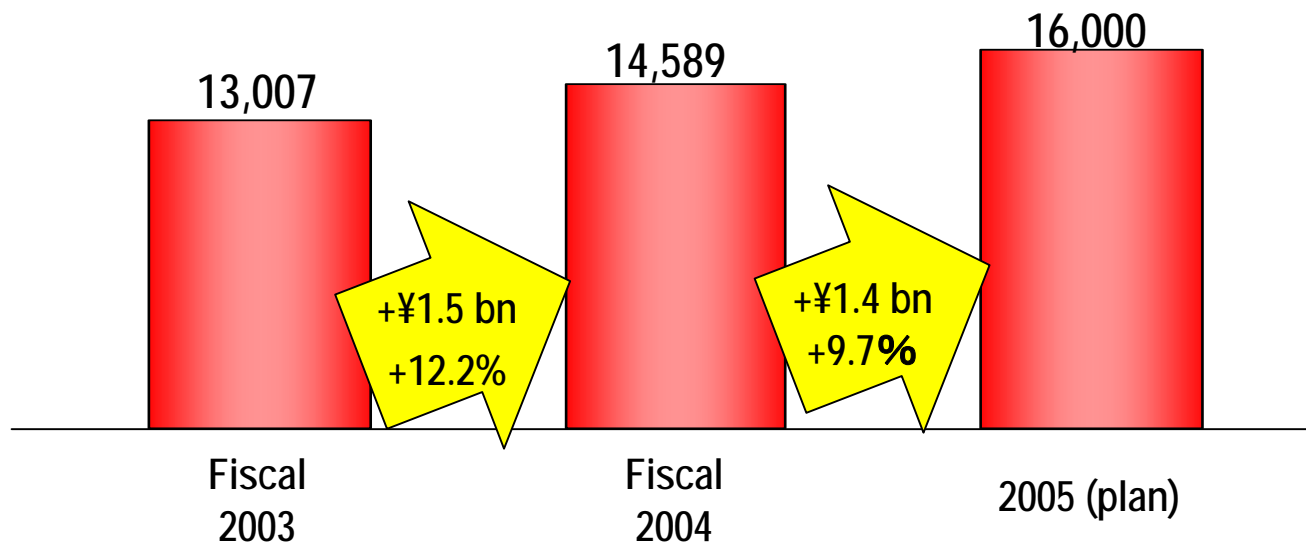
(7) Consolidated net sales and operating income trends

Net sales



Operating income

- Excluding impact arising from changes in the retirement benefit program and the impending external standard taxation



II. Fiscal 2005 Marketing Activities

(1) Strengthen flagship brands

Strengthen flagship brands to increase sales and market share

A. Georgia

- Retain regular users and acquire new customers
 - 30th anniversary promotion for *Georgia* (Feb)
 - New item: *Kuromame Coffee* (Apr)
 - Renewal item: *Original* (Feb)

B. Coca-Cola

- Increase sales through new campaign and new flavor development
 - New ad campaign (Mar)
 - Teen entry promotion (Mar)

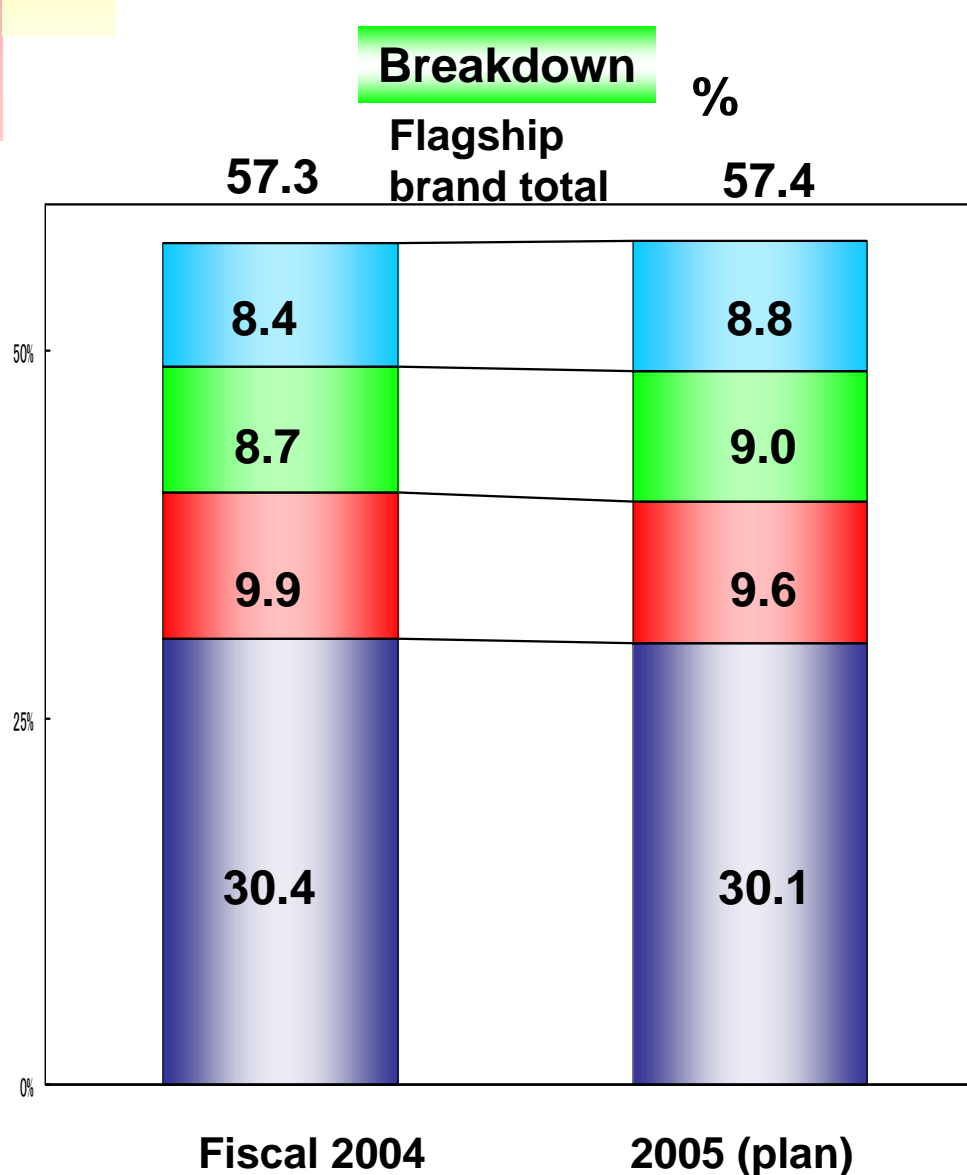
C. Sokenbicha

- Strengthen *Sokenbicha* brand value; establish *Ryokucha Blend* brand value
 - New ad campaign (Jan) · 500ml PET promotion (Mar)
 - Renewal item: *Ryokucha Blend* (Feb)

D. Aquarius

- Re-establish brand value centering around “sports science”
 - Renewal item (Mar)
 - New item: *Aquarius Active Diet* (May)

◆ Sales of flagship brand products



	Sales increase ratio %	Increased volume Thousand cases
Flagship brand total	+4.6	+2,299
Aquarius	+9.2	+670
Sokenbicha	+7.8	+589
Coca-Cola	+1.5	+132
Georgia	+3.4	+908
Total	+4.5	+3,904

(2) Launch new products effectively

Launch new products effectively to boost sales and market share

Build up strong brands in high-growth product categories and areas where CCBJ's market share is low

- Launch new brands and products in the non-sugar tea/ functional item categories
 - New items: *Hajime*—Japanese tea (Mar)
Nanairo-acha—Non-sugar tea (Jun)
Daizu-no-susume—Functional item (Jun)
 - Renewal item: *POWERADE*—Functional item (Apr)

Create new demand

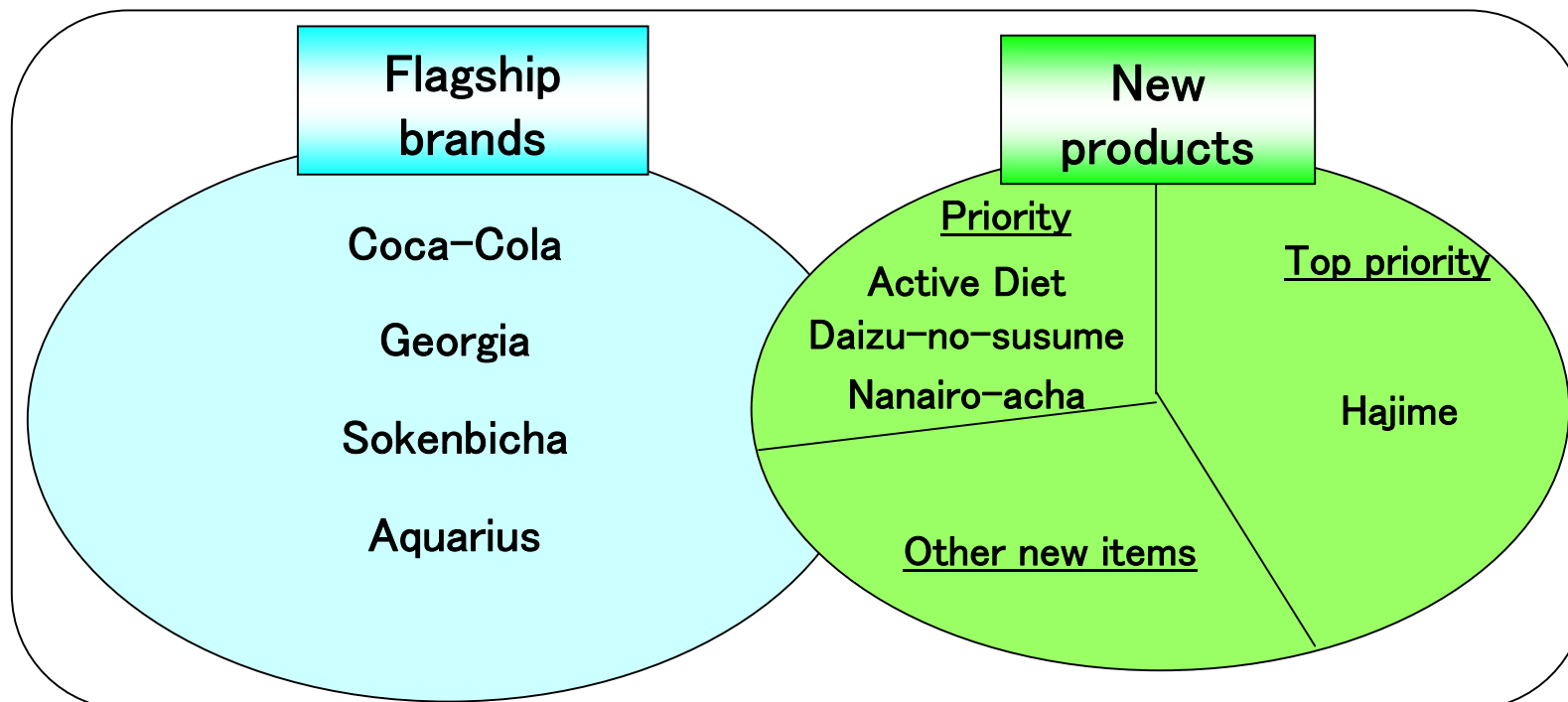
- Realign and launch new products of juice, soda water, water, health-care drinks and other new categories
 - New items: *Furusato-dayori* soda (Feb)
Qoo Fruits Au Lait juice (Feb)
The Wellness health drinks (3 products)

◆ Volume of new products

【Ref: fiscal 2004】

	<u># of types</u>	<u>Volume</u> Thousand cases	<u>Breakdown</u> (%)
New	62	10,500	12
Renewal	58	11,700	13
Total	120	22,200	25

	<u># of types</u>	<u>Breakdown</u> (%)
	115	8
	93	32
	208	40



◆ Japan's canned/bottled tea market: growth and breakdown (fiscal 2004)



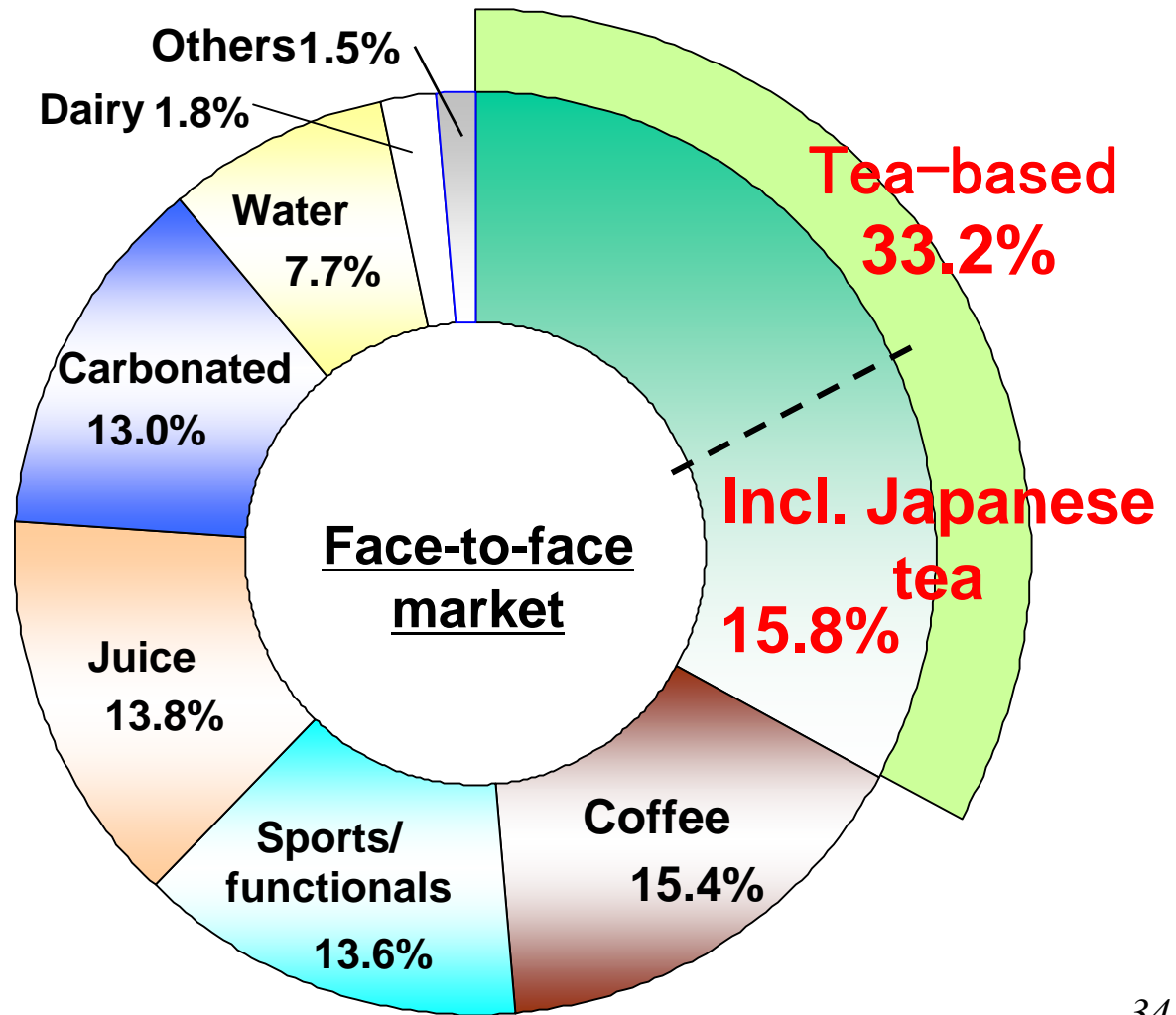
Source: Intage

Annual growth

Soft drink total: 5.3%

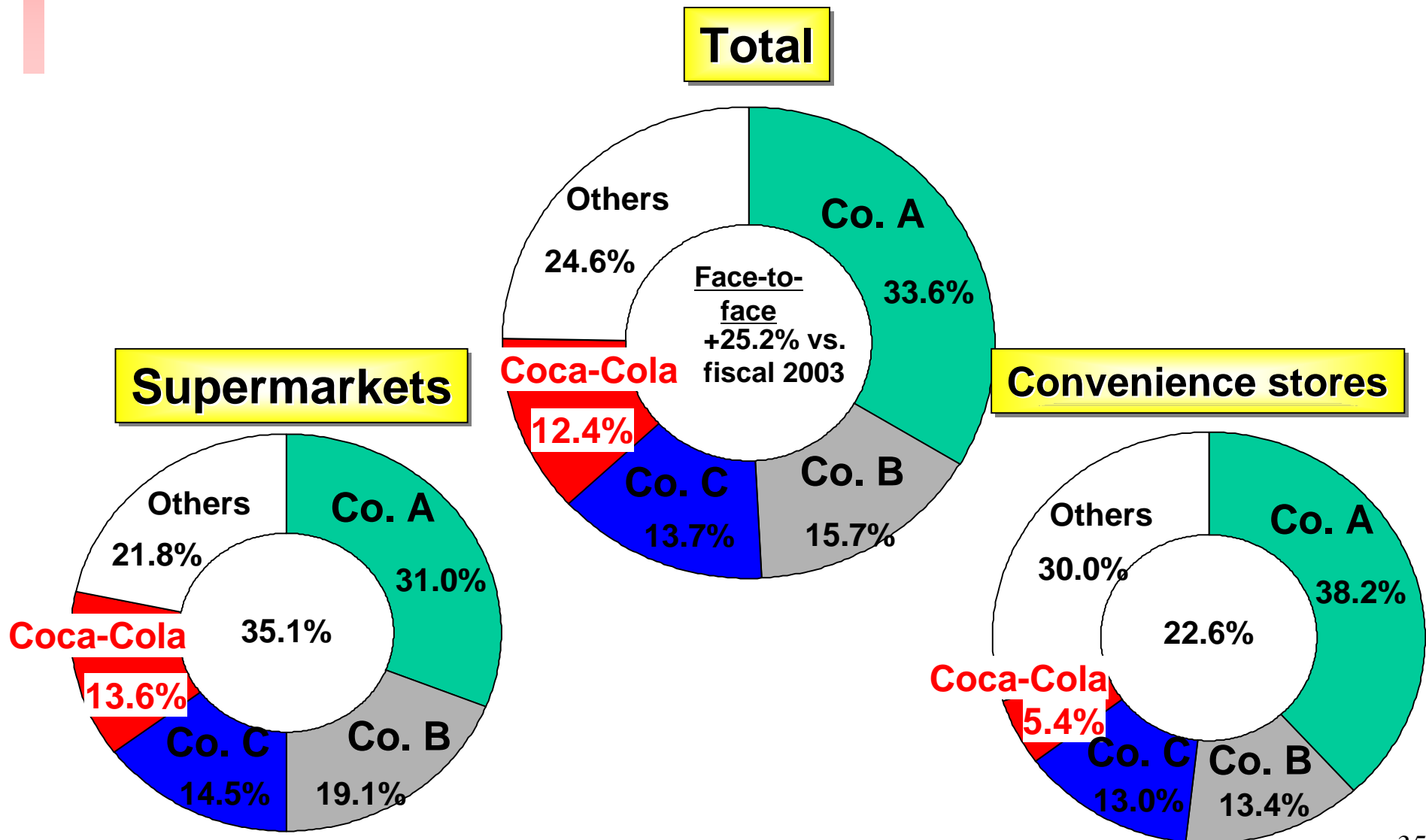
Japanese tea: 25.2%

Breakdown by product category



◆ Sales growth and market share of Japanese tea at CCWJ

Source: Intage



◆ Hajime: High priority new product

Basic strategy
of Japanese
tea category

- **Launch a strong new brand, *Hajime*, for the green tea market**
 - Totally new value proposal
- **Seize back market share with large-scale marketing campaign**
 - Handle as the system's most important issue
 - Provide large-scale sale support on launch
 - Maintain branding effort after launch



- **Launch : Monday, Mar 7**
- **Package: 280ml/500ml/2L PET bottles, 340g can, others**
- **Features: Fresh, young tea leaves, not over-processed**
- **Distribution: All channels**
- **Targets: Green tea drinkers aged 10-50**
- **Ads in media: Pre-sale ad from Feb. 21
Launch ad from Mar 9**

Marketing campaign overview



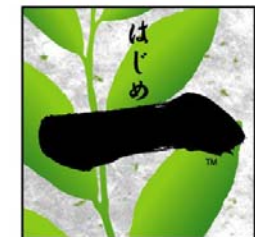
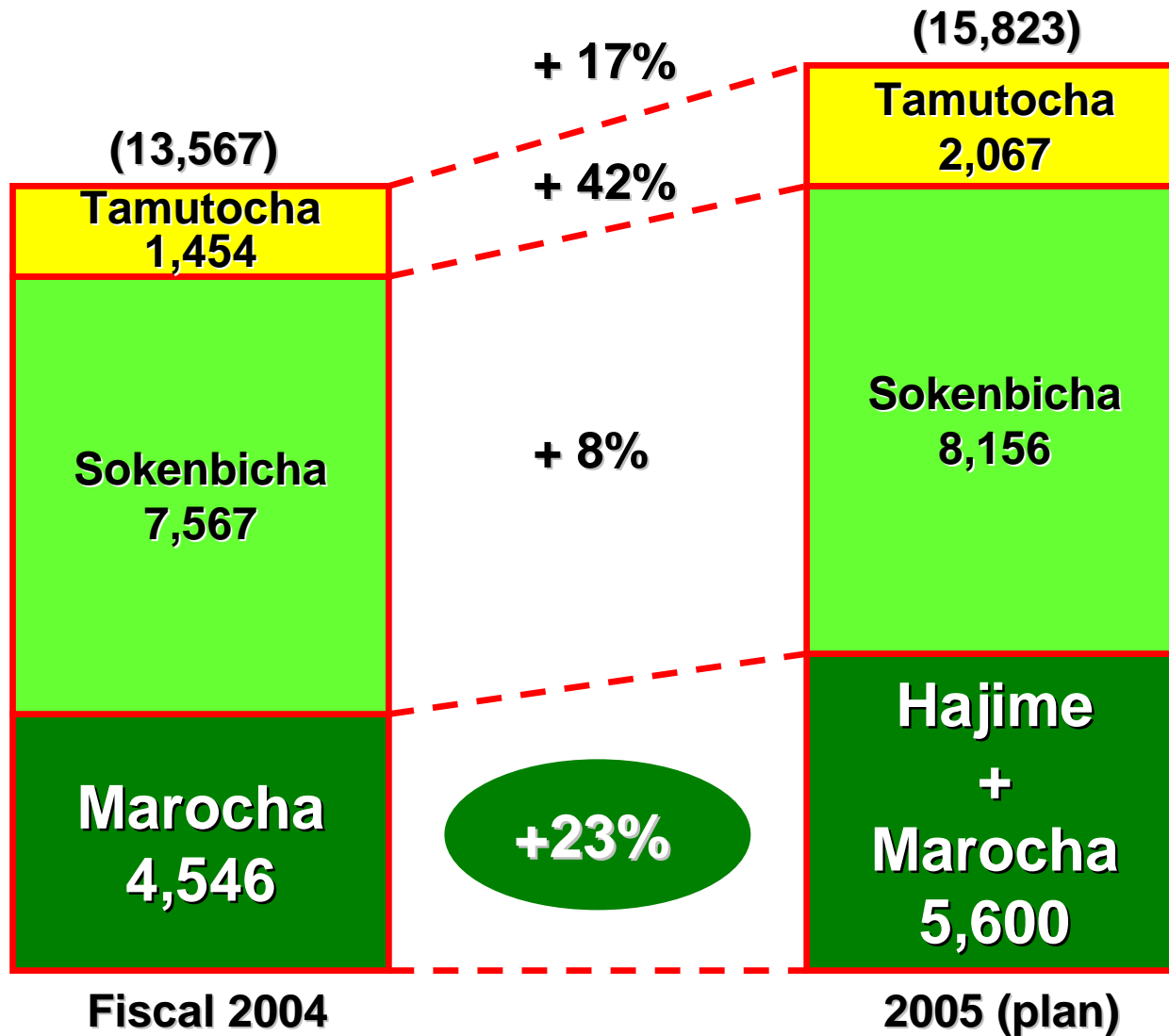
Conduct integrated marketing activities on launch.
Continue marketing efforts to foster brand.





Sales volume targets

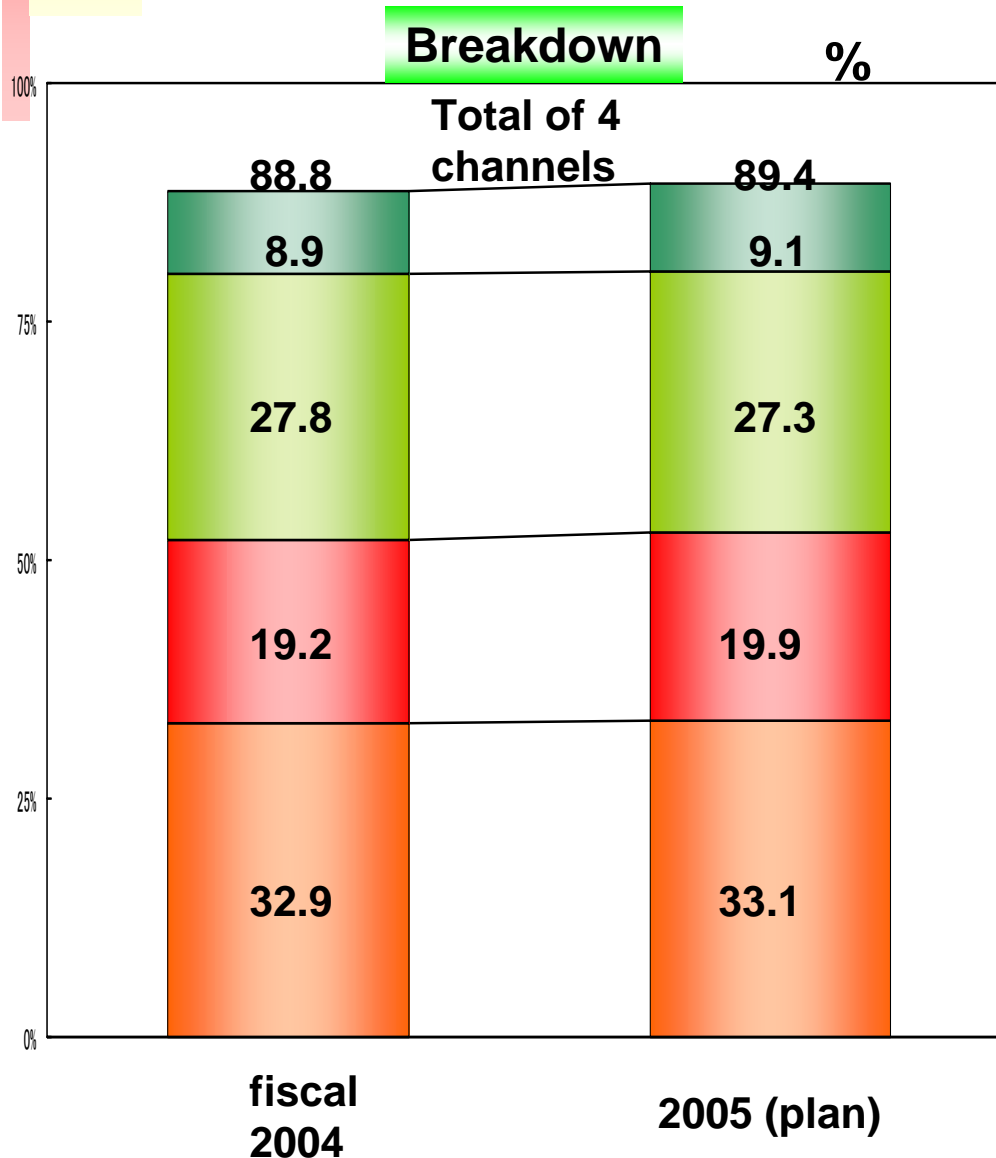
(thousand cases)



2. Distribution Strategy



◆ Sales by channel



	Sales growth ratio %	Volume growth thousand cases
Food services	+7.0	+546
Convenience stores and retailing	+2.7	+664
Chain stores	+8.0	+1,332
Vending	+5.1	+1,456
Total	+4.5	+3,904

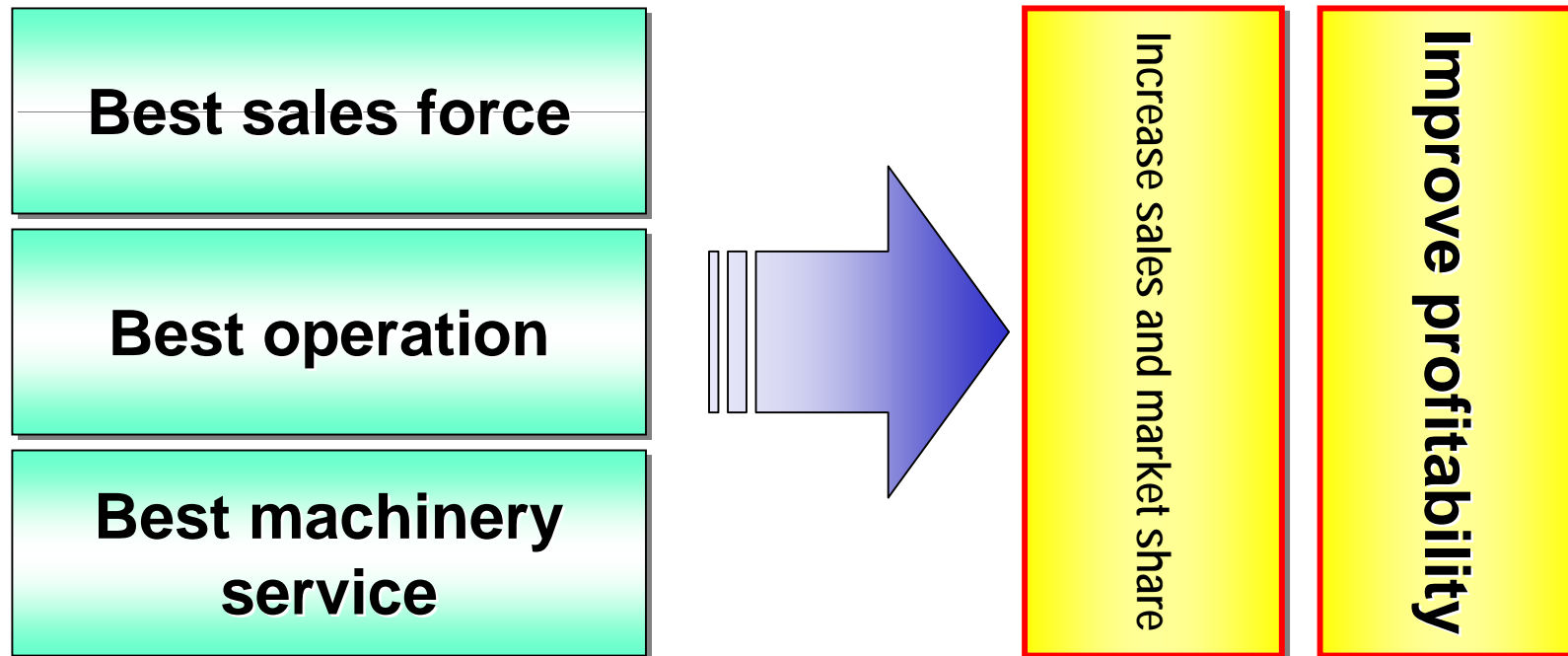
(1) Vending

Basic policy

Enhance competitiveness and profitability of consumer and account services

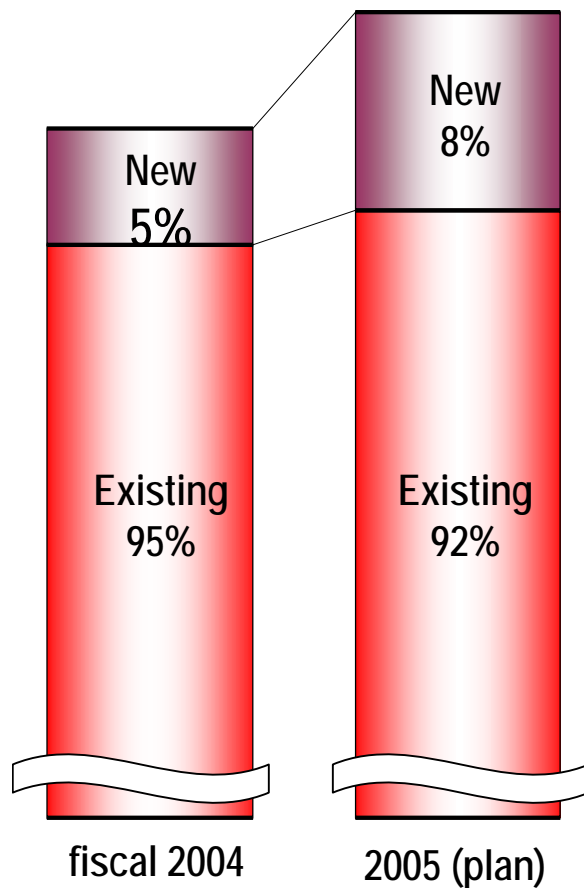
Create world-best vending business

Basic strategy



A. Develop policy responsive to market location

Breakdown of sales volume by location



Best sales force

Best operation

Best machinery service

• Exploit vending machine IT

- Establish and consolidate good indoor market locations
- Strengthen market development system

- Monitor no-sale items and follow up on popular items
- Create columns optimal to locations
- Enhance efficiency of visits
- Enhance freshness

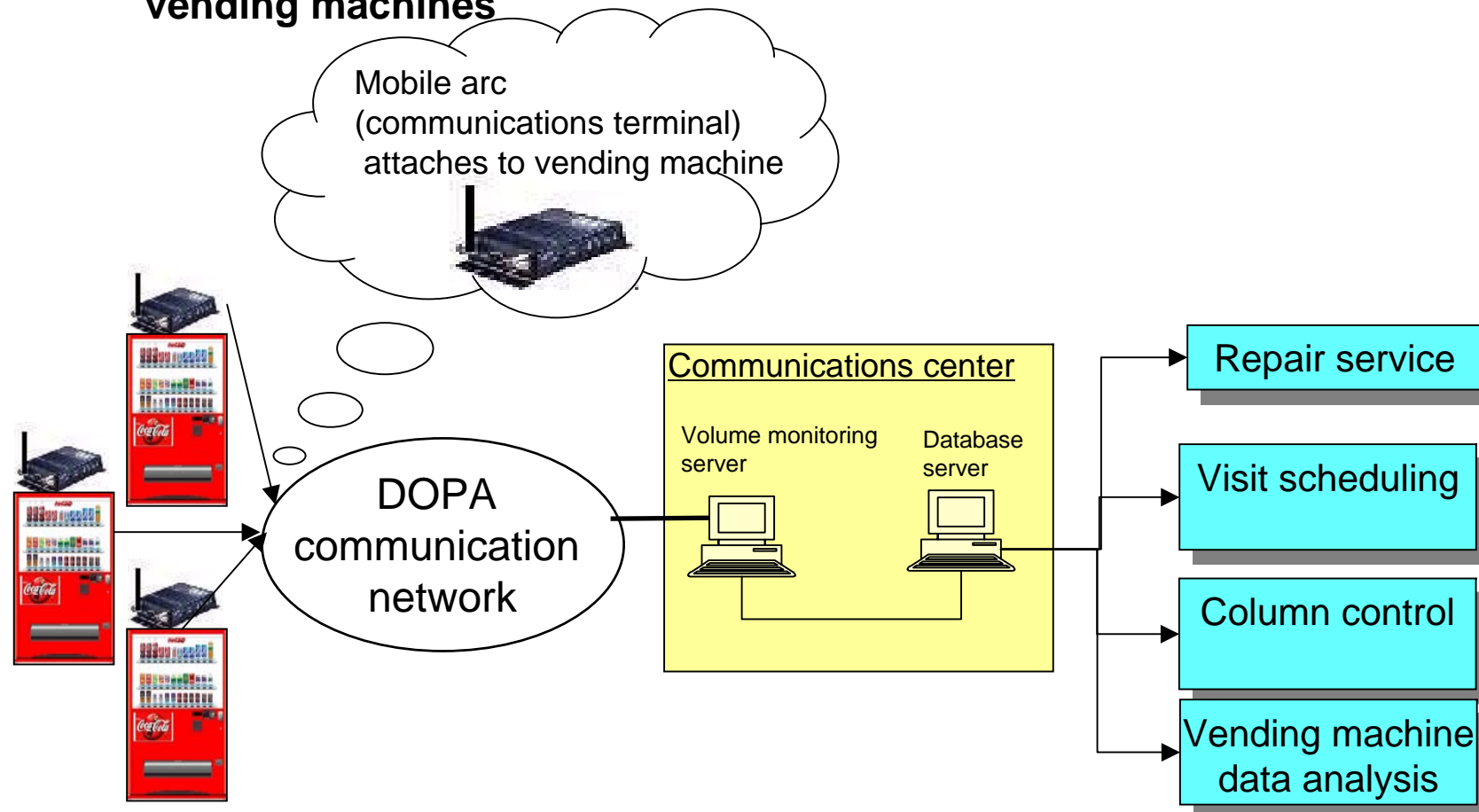
- Shorten repair time of machines out of order
- Enhance operating efficiency through new machinery management system (installation, maintenance, and spare parts)
- Reduce machinery-related expenses

- Enhance corporate marketing
- Strengthen focus on target locations
- Effective marketing of new products and promotions
- Restructure low selling machines

B. Exploit vending machine IT

- **Online system**

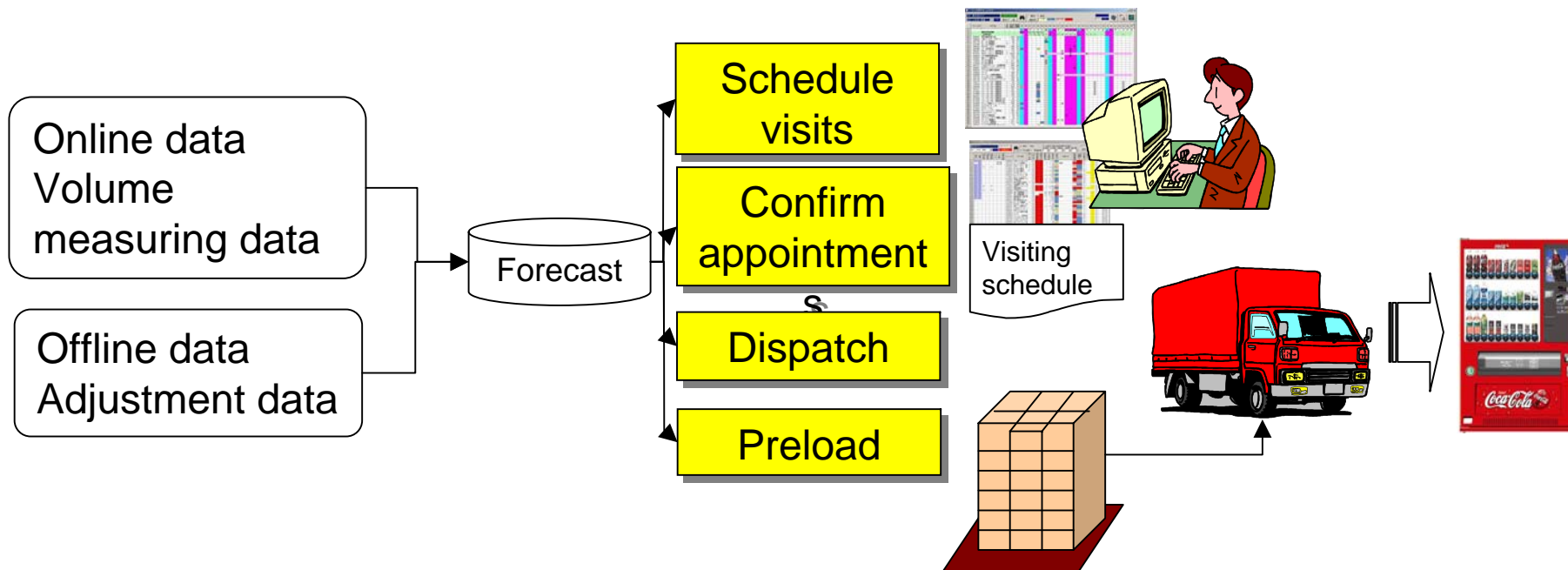
Monitors sales information and mechanical failure data through NTT communication service with online devices mounted on vending machines



▪ Visit scheduling system

– Online data enhances system by facilitating monthly visit scheduling and predicting replenishment figures

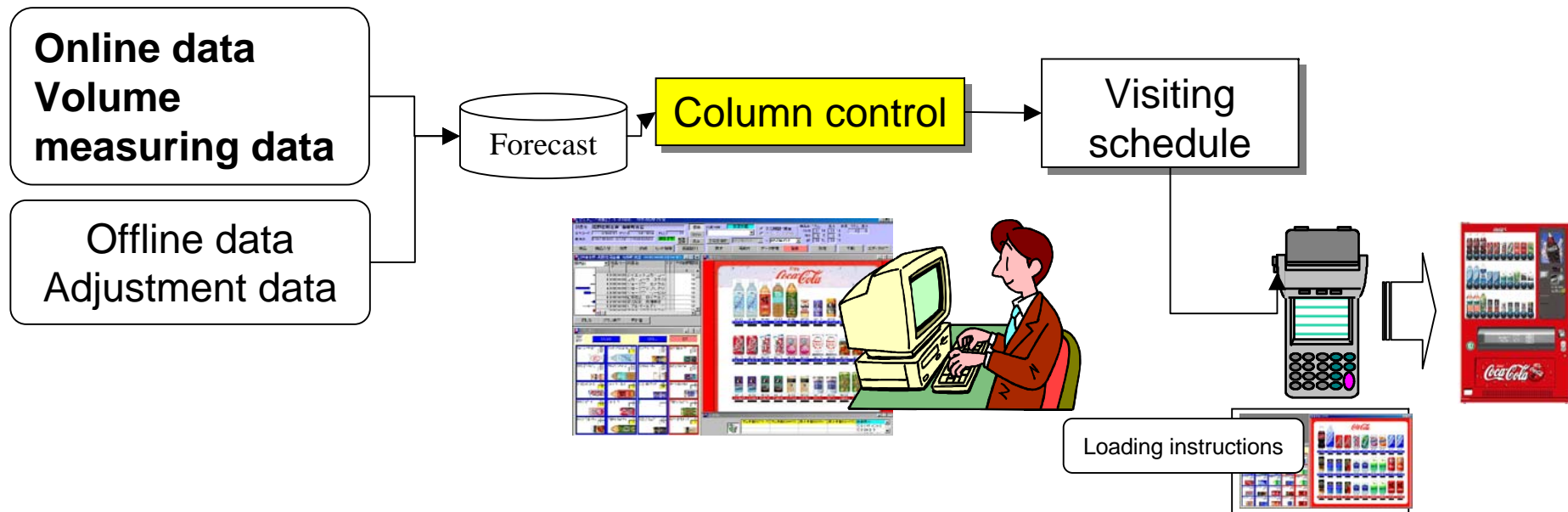
- Exploits online data to improve predictive accuracy
- Adds monthly and weekly visit scheduling functions
- Creates new product loading schedule and enables event information entry
- Adds sell-out forecasting function
- Can determine whether or not to visit through simple PC operation



▪ Column control system

PC planning system simulates loading of new and existing products, column alignment, setting dummy cans, and other functions

- Displays alignment scenarios referring to product-specific information
- Quickly confirms effectiveness of column re-assignment forecasting
- Enables column and dummy alignment change by image data transfer
- Transmits updated data to portable terminals
- Reflects updated items on the preliminary loading data for the appointment date



◆ Online system, new visit scheduling and column control system introduced

(unit)

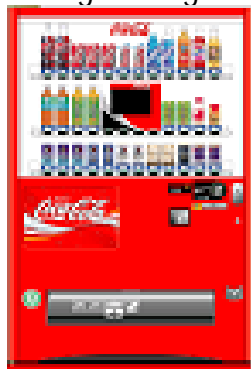
	# of units as of Dec 31, 2004	# of units to be deployed in 2005	Expected benefits
Online system	6,600	5,000	Real-time vending machine information
New visit scheduling system	Fukuoka area only	Expand to all branches	More efficient visiting (lower sell-out frequency, enhanced freshness)
Column control system	Pilot branches	Widen application area	Broader lineup and more efficient operation

◆ Deploy IT vending machines effectively

- Deploy upgraded VCCS, Cmode vending machines and communication vendors effectively

	Units installed as of Dec 31, 2004	Units to be deployed in 2005	(units) Total units installed nationwide as of Dec 31, 2004
Upgraded VCCS* ¹	2,903	150	3,585
Cmode vending machines* ²	406	700	2,600
Communication vendors* ³	137	50	140
Total	3,446	900	6,325

*1. Upgraded VCCS: Sales-supporting vending machine (carries promotions and remote switching warming/cooling function)



*2. Cmode: Offers product and digital content purchasing through mobile phones

*3. Communication vendor: a data supply type vending machine



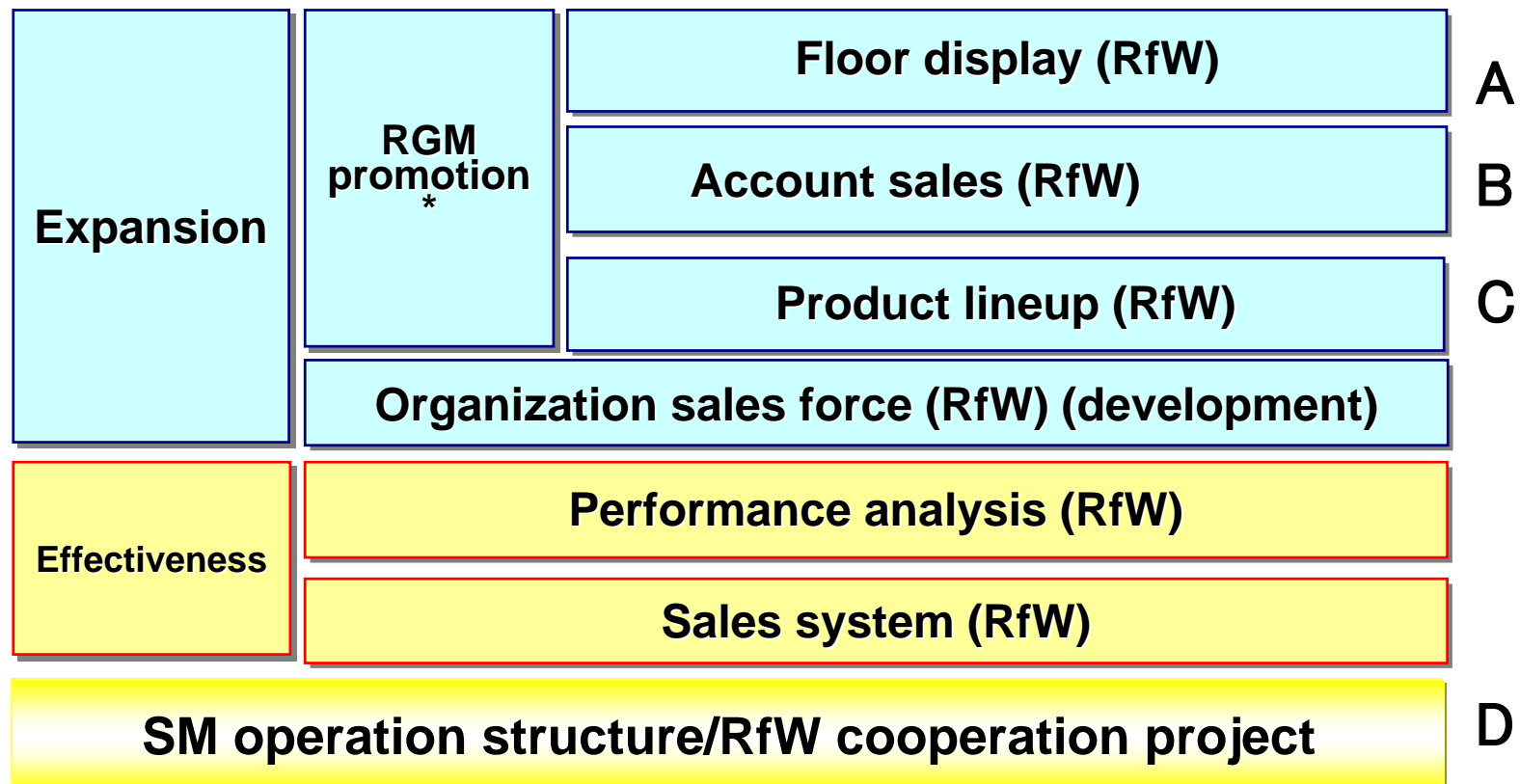
(2) Chain stores

Basic policy

Profitable sales and market share growth

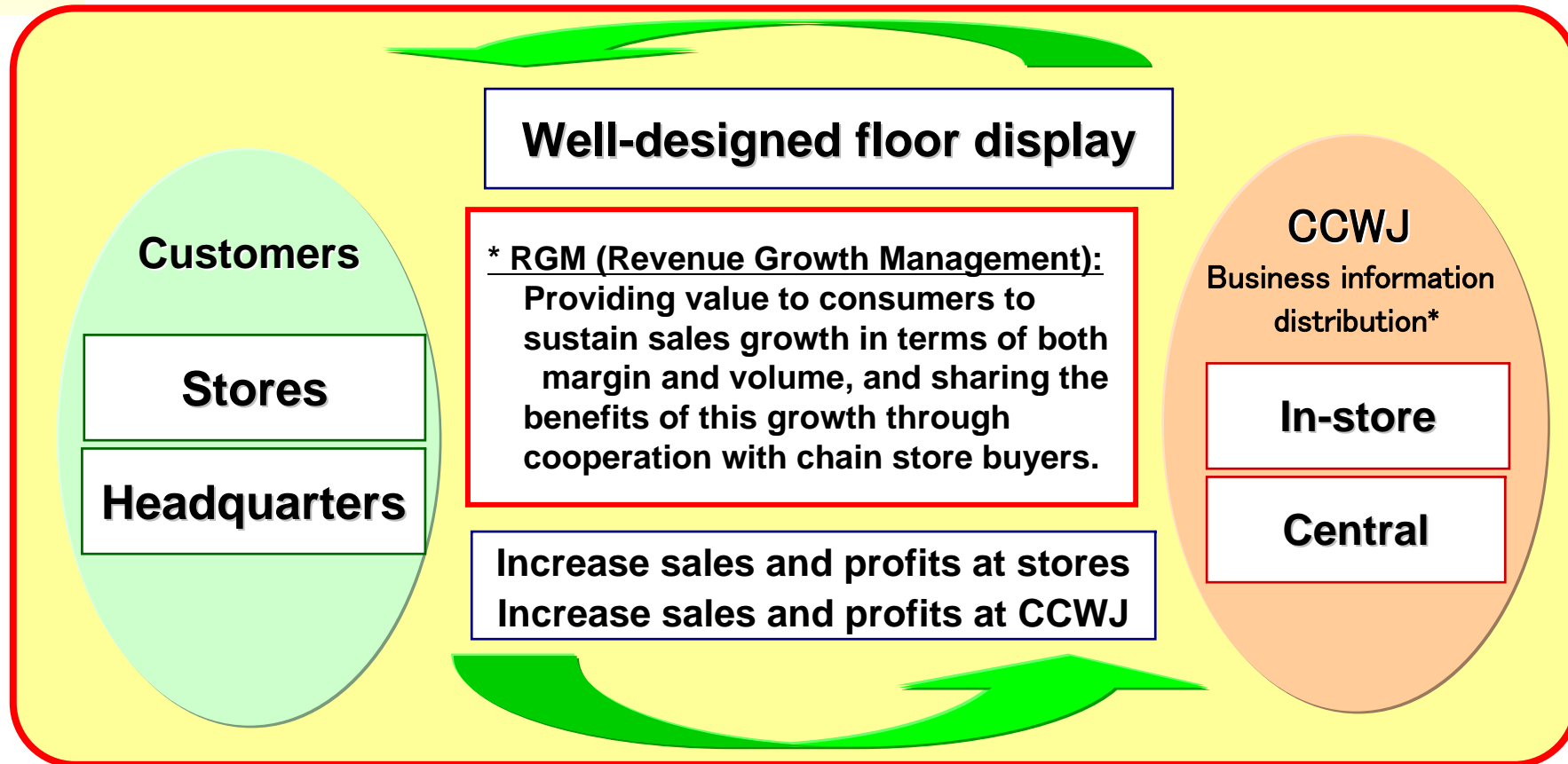
Basic strategy

RfW: Reform from Within



* RGM (Revenue Growth Management): Providing value to consumers to sustain sales growth in terms of both margin and volume, and sharing the benefits of this growth through cooperation with chain store buyers.

◆ Promoting Revenue Growth Management (RGM)



**Increase satisfaction of end consumers
(customers at stores that purchase CCWJ products)**

*Business information distribution refers to the dissemination of business information in a broad sense, and may include operational tips and suggestions as well as guidance for peripheral businesses and solution proposals.

◆ **“Ten-round 10”**

- **Basic RGM strategy**

“Ten-round 10”

Ten percent vertical and horizontal extension of store floors!

Floor display (RfW)

RfW: Reform from Within

Five floor display concepts

Product lineup (RfW)

Product lineup policy to realize floor display concepts

Management to realize floor display concepts

Account sales (RfW)

A. Floor display (RfW)

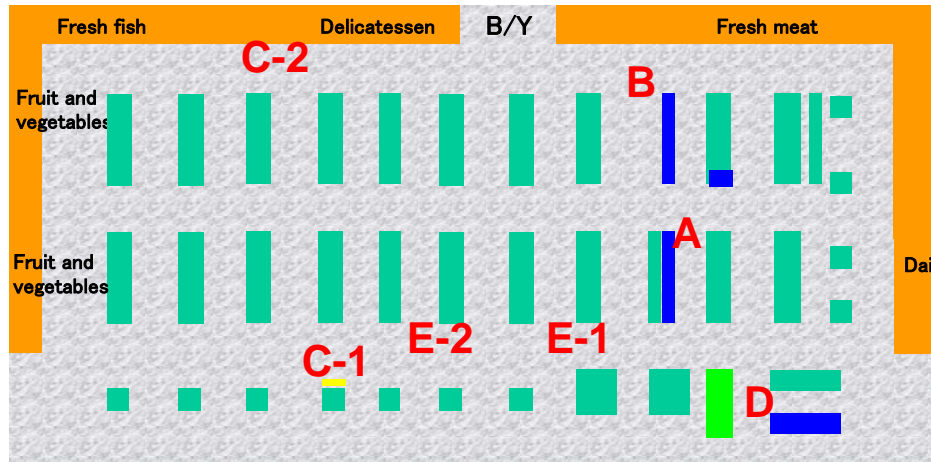
- Develop the five floor display concepts vertically and horizontally

			Vertical (existing space) extension	Horizontal (new space) extension
Permanent space	A	Refrigerated products	<ul style="list-style-type: none"> Boost SKUs such as 500ml and midi PETs Increase display exposed to customers 	<ul style="list-style-type: none"> Acquire new floor space
	B	Room temperature products		
	C	Space next to cash register and delicatessen		
Movable space	D	Large display shelves	<ul style="list-style-type: none"> Strengthen priority items and campaign 	
	E	End and island display shelves	<ul style="list-style-type: none"> Create new demand 	

Create a cheerful and enjoyable display!

Chilled

A. Chilled space



Room temperature

B. Soft drinks at room temperature



End and island display shelves

E-1. End



E-2. Multi-product



Second permanent space

C-1. In front of cash register



C-2. Delicatessen-related sales



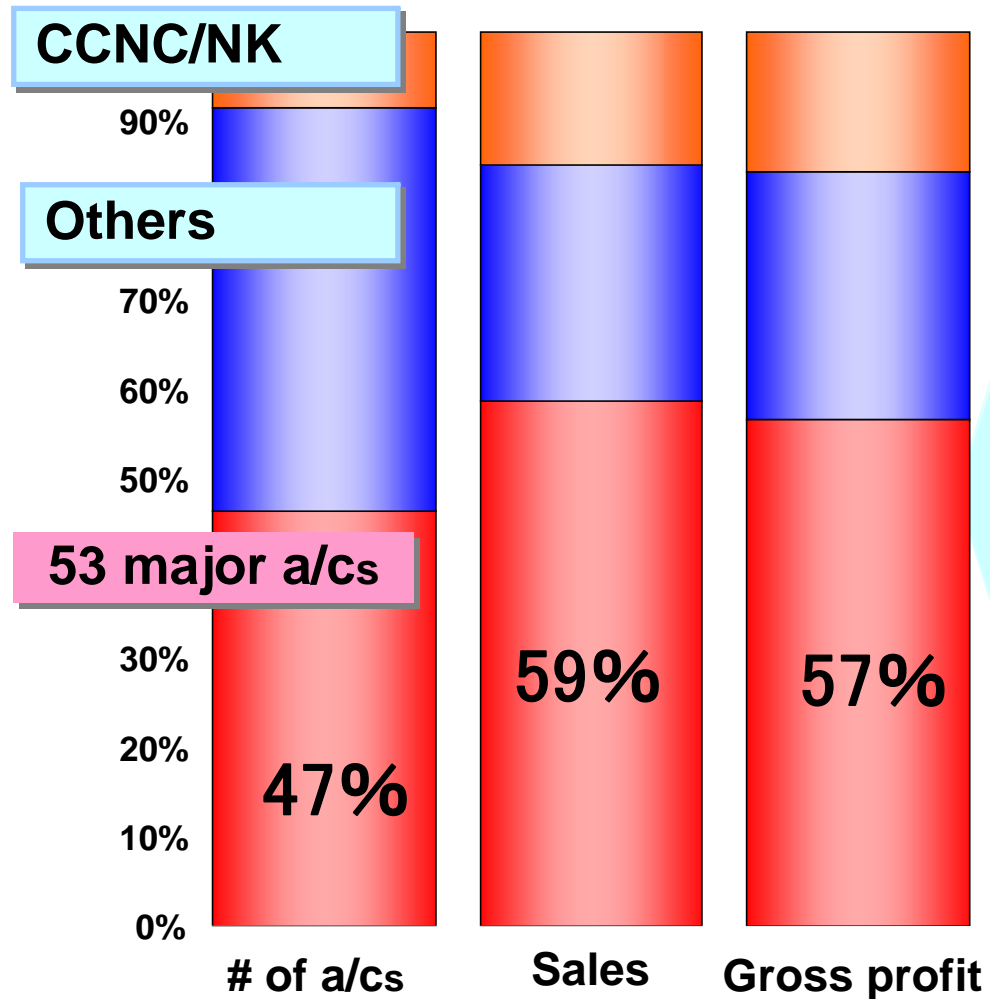
Large display shelves

D. Large display



B. Account sales (RfW)

- Strengthen sales of 53 major accounts

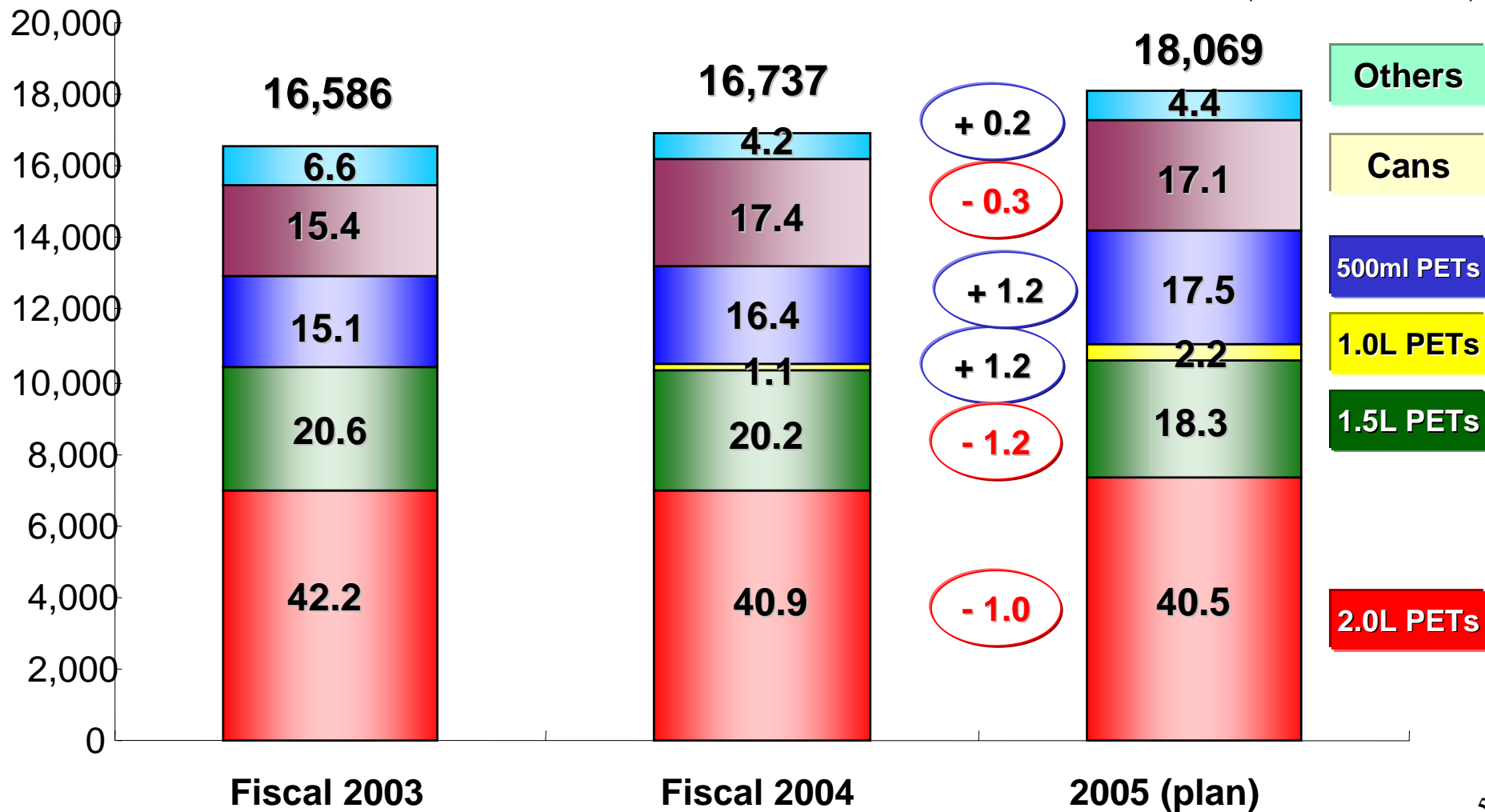


- Tight management of 53 major accounts
- Achieve the target commitments made to the customers
- Work through the PDCA cycle to achieve target commitments

C. Product lineup (RfW)

- Wide-ranging lineup responding to consumer needs
- Increase sales mix of midi- and 500ml PETs

(thousand cases, %)



D. SM operation structure/RfW cooperation project

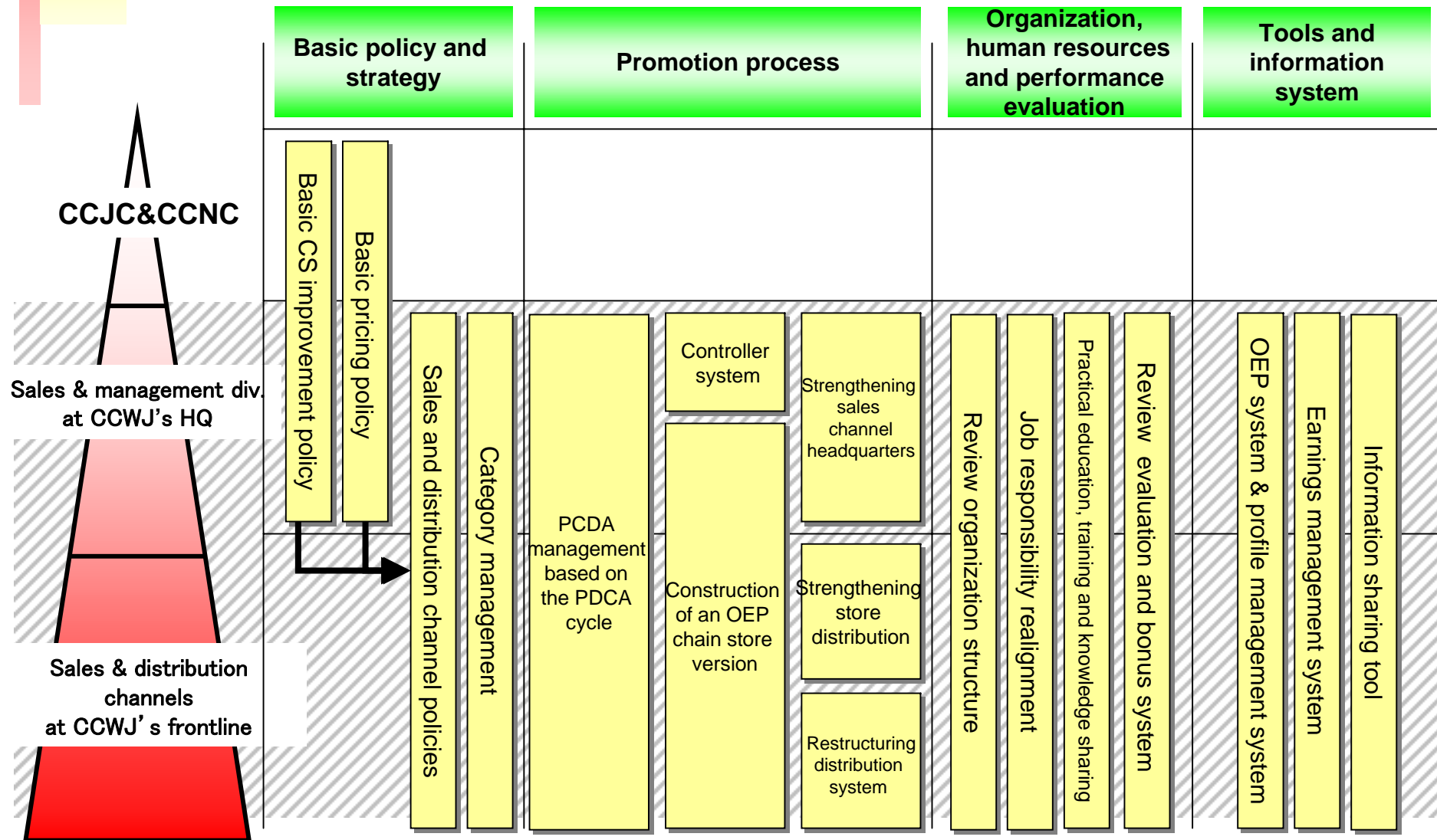
Cooperation project with CCJC

Sep to Nov 2004 and Jan 2005 onward

Objectives

- **Short-term: the RGM promotion**
- **Mid- to long-term: Toward the next mid-term management plan**

◆ Project Overview



3. Marketing Plan in Summary



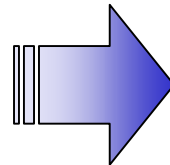
Basic sales policy

Sales (RfW): Expansion and Effectiveness

- Increase sales and market share
- Improve earnings

Sales volume

87.1 million cases

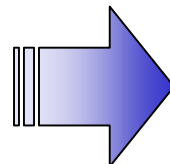


2005 (plan)

91.0 million cases

Total market share

28.5 %



30.0%

Appendix

Figures for 2005 are those of the plan, forecasts and estimates for this fiscal year

1. Consolidated Financial Statements



(1) Consolidated statement of income

(¥ mn, %)

	2003	Breakdown	2004	Breakdown	2005	Breakdown
Net sales	240,825	100.0	253,248	100.0	254,800	100.0
Cost of sales	132,995	55.2	139,675	55.2	139,300	54.7
Gross profit	107,829	44.8	113,572	44.8	115,500	45.3
Selling, general & admin exp.	88,191	36.6	96,712	38.2	99,900	39.2
Operating income	19,638	8.2	16,860	6.7	15,600	6.1
Non-operating income	1,100	0.5	1,090	0.4	1,100	0.4
Non-operating expenses	843	0.4	884	0.3	800	0.3
Recurring profit	19,895	8.3	17,065	6.7	15,900	6.2
Extraordinary income	231	0.1	158	0.1	0	0.0
Extraordinary losses	2,141	0.9	2,564	1.0	1,300	0.5
Income before income taxes	17,985	7.5	14,659	5.8	14,600	5.7
Income taxes	9,300	3.9	6,017	2.4	5,900	2.3
Minority interests (profit/loss)	-695	-0.3	76	0.0	100	0.0
Net income	9,380	3.9	8,564	3.4	8,600	3.4

(2) Non-consolidated statement of income

(¥ mn, %)

	2003	Breakdown	2004	Breakdown	2005	Breakdown
Net sales	186,176	100.0	195,066	100.0	198,300	100.0
Cost of sales	103,241	55.5	107,665	55.2	108,200	54.6
Gross profit	82,934	44.5	87,401	44.8	90,100	45.4
Selling, general & admin. exp.	65,052	34.9	72,377	37.1	75,800	38.2
Operating income	17,881	9.6	15,024	7.7	14,300	7.2
Non-operating income	1,227	0.6	1,324	0.7	1,300	0.7
Non-operating expenses	785	0.4	803	0.4	800	0.4
Recurring profit	18,323	9.8	15,545	8.0	14,800	7.5
Extraordinary income	259	0.2	158	0.1	0	0.0
Extraordinary losses	905	0.5	1,442	0.7	700	0.4
Net income before income taxes	17,677	9.5	14,260	7.3	14,100	7.1
Income taxes	7,418	4.0	5,907	3.0	5,800	2.9
Net income	10,259	5.5	8,353	4.3	8,300	4.2

(3) Major SG&A expenses

(¥ mn)

	2003	2004
Personnel	25,528	30,740
Selling fees	17,806	19,747
Depreciation	10,540	10,521
Advertizing	6,882	7,439
Processing contract	5,267	6,199
Others	22,168	22,066
Total	88,191	96,712

(4) Non-operating and extraordinary accounts

A. Non-operating income

(¥ mn)

	2003	2004
Interests received	254	273
Rent received	294	294
Others	552	523
Total	1,100	1,090

B. Non-operating expenses

(¥ mn)

	2003	2004
Loss on disposal of property and equipment	441	463
Others	402	421
Total	843	884

C. Extraordinary income

(¥ mn)

	2003	2004
Gain on sale of property and equipment	231	71
Others	—	87
Total	231	158

D. Extraordinary losses

(¥ mn)

	2003	2004
Works on machinery to accept new Yen notes	—	583
Lump-sum write-off of the actuarial difference pertaining to returning	—	576
Impairment loss	—	505
Expenses on consolidating subsidiaries	753	—
Others	1,388	900
Total	2,141	2,564

(5) Balance sheets – assets



(¥ mn)

	Dec 03	Dec 04	Change	Reason for change
Current assets	57,134	59,540	2,406	
Cash and deposits	15,295	15,524	229	
Trade notes and a/c receivable	13,175	13,669	493	
Marketable securities	7,141	8,923	1,782	Increase from transfer portion of debenture due within a year from fixed assets
Inventories	12,570	12,762	191	
Deferred tax assets – current	841	812	-29	
Other current assets	8,227	7,930	-297	
Allowance for doubtful a/c	-118	-81	36	
Fixed assets	147,045	147,676	630	
Property, plant and equipment	86,982	85,837	-1,145	¥14,414 mn increase in capital investment ¥14,475 mn decrease through depreciation ¥1,084 mn decrease due to disposal and sale
Buildings and other structures	18,852	18,559	-292	
Machinery, equipment and vehicles	14,674	14,252	-421	
Sales equipment	17,740	17,196	-543	
Land	34,722	34,389	-333	
Construction in process	44	93	48	
Other property, plant and equipment	947	1,344	397	
Intangible assets	2,718	2,843	124	
Goodwill on consolidation	118	34	-83	
Other intangible assets	2,599	2,808	208	
Investments and other assets	57,344	58,995	1,651	
Investment securities	40,636	47,369	6,733	Increase due to equities as partial contribution to retirement benefit trust Increase from transfer of portion of debenture due within a year to current assets Decrease due to equities as partial contribution due to retirement benefit trust
Deferred tax assets – fixed	569	890	321	
Prepaid pension expenses	13,306	7,749	-5,556	
Other assets	3,097	3,265	168	
Allowance for doubtful a/c	-264	-279	-14	
Total Assets	204,180	207,216	3,036	

(5) Balance sheets – liabilities and equity



(¥ mn)

	Dec 03	Dec 04	Change	Reason for change
Current liabilities	23,853	24,451	597	
Notes and a/c payable	8,950	7,891	-1,058	
LT debt due within a year	203	203	—	
Income tax payable	2,924	3,743	819	
Other a/c payable	5,426	7,125	1,699	Increase due to investment in branch warehouse extension
Notes payable for equipment	667	96	-570	
Other current liabilities	5,681	5,390	-291	
Long-term liabilities	10,595	11,366	771	
Deferred tax payable	5,880	6,911	1,030	Increase due to reversal of retirement benefit expense pertaining to retirement program change
Liabilities for retirement benefits	3,394	3,146	-247	
Liabilities for directors' retirement benefits	323	345	21	
Other long-term liabilities	996	963	-33	
Total liabilities	34,449	35,817	1,368	
Minority interests	4,276	4,362	85	
Common stock	15,231	15,231	—	
Capital surplus	35,399	35,400	0	¥8,564 mn increase in net income & appropriation of 2003 retained earnings and interim dividends paid totaling ¥3,087mn
Retained earnings	122,372	127,849	5,477	
Net unrealized gains on securities	411	449	38	
Treasury stock	-7,960	-11,895	-3,934	Increase due to treasury stock acquisition
Total shareholders' equity	165,454	167,036	1,582	
Total liabilities, minor interests and	204,180	207,216	3,036	

(6) Statement of cash flows

(¥ mn)

	2003	2004	2005 (plan)
Net cash provided by operating activities	18,423	21,502	25,366
Net cash used in investing activities	-20,852	-14,592	-21,186
Net cash used in financing activities	-11,107	-6,991	-2,766
Cash and cash equivalents at the end of year	21,869	21,788	23,203

< Major reasons for divergence of 2004 and 2005 (plan) figures >

1. Net cash provided by operating activities Change vs. 2004 **+ ¥ 3.8 billion**
 - Fall in expenditure relating to pre-paid pensions and other costs + ¥ 2.3 billion
 - Fall in expenditure relating to inventory procurement and stockpiling + ¥ 2.1 billion

2. Net cash used in investing activities Change vs. 2004 **- ¥ 6.6 billion**
 - Rise in expenditure on acquisition of fixed assets - ¥ 3.8 billion
 - Fall in revenue from sales of investment and other securities - ¥ 3.1 billion

3. Net cash used in financing activities Change vs. 2004 **+ ¥ 4.2 billion**
 - Fall in expenditure on acquisition of treasury stock + ¥ 3.9 billion

2. Sales Volumes



(1) By brand

(thousand cases, %)

	2003	2004	2005	'04/'03	'05/'04
Coca-Cola	8,484	8,581	8,713	1.2	1.5
Georgia	27,041	26,483	27,391	-2.1	3.4
Sokenbicha	6,638	7,567	8,156	14.0	7.8
Aquarius	6,275	7,299	7,969	16.3	9.2
Marocha/Hajime	4,360	4,546	5,573	4.3	22.6
Fan	1,299	959	759	-26.2	-20.9
Fanta	3,991	4,440	4,500	11.2	1.4
Canada Dry	950	970	970	2.1	0.0
Real Gold	1,196	1,270	1,318	6.2	3.8
Qoo, HI-C	1,784	1,951	2,024	9.4	3.7
Mori no Mizu Dayori	2,005	2,057	2,073	2.6	0.8
Kochakaden	1,977	2,144	1,982	8.4	-7.6
Others	4,291	3,081	3,853	-28.2	25.1
Subtotal	70,291	71,348	75,281	1.5	5.5
Syrup, power, foodstuffs	15,734	15,748	15,719	0.1	-0.2
Total	86,025	87,096	91,000	1.2	4.5

Note: Excludes sales at other bottlers.

(2) By package

(thousand cases, %)

		2003	2004	2005	'04/'03	'05/'04
B o t t l e s	Returnable	592	596	590	0.6	-1.0
	Non-returnable	496	411	311	-17.0	-24.3
	Subtotal	1,088	1,007	901	-7.4	-10.5
P E T s	~ 350 ml	3,515	4,786	5,792	36.1	21.0
	~ 500 ml	10,554	11,447	13,112	8.5	14.5
	~ 1,000 ml	390	587	693	50.7	18.1
	~ 1,500 ml	4,184	4,096	4,319	-2.1	5.4
	~ 2,000 ml	8,563	8,456	8,896	-1.3	5.2
	Subtotal	27,206	29,372	32,812	8.0	11.7
C a n s	~ 200 ml	23,697	24,922	25,766	5.2	3.4
	~ 250 ml	2,515	2,400	2,388	-4.6	-0.5
	~ 280 ml	6,962	3,574	2,532	-48.7	-29.2
	~ 350 ml	2,927	1,709	1,628	-41.6	-4.7
	~ 500 ml	1,386	1,336	1,508	-3.6	12.9
	Subtotal	37,487	33,941	33,822	-9.5	-0.4
Bottle cans		4,066	6,330	7,050	55.7	11.4
Others		444	698	696	57.2	-0.3
Syrup, powder, foodstuffs		15,734	15,748	15,719	0.1	-0.2
Total		86,025	87,096	91,000	1.2	4.5

Note: Excludes sales at other bottlers

(3) By channel

(thousand cases, %)

	2003	2004	2005	'04/'03	'05/'04
Vending machines	27,068	28,649	30,105	5.8	5.1
Chain stores	16,586	16,737	18,069	0.9	8.0
Convenience stores	9,609	9,895	10,500	3.0	6.1
Retailers	15,351	14,289	14,348	-6.9	0.4
Food services	7,419	7,753	8,299	4.5	7.0
Distributors	1,748	1,771	1,872	1.3	5.7
Others	8,244	8,002	7,807	-2.9	-2.4
Total	86,025	87,096	91,000	1.2	4.5

Note: Excludes sales at other bottlers.

(4) New / renewal product sales

A. Sales results and plan

(thousand cases)

	2003	2004	2005
New products	108 items	115 items	62 items
Renewals	47 items	93 items	58 items
Total	155 items	208 items	120 items
Sales volume	23,022	34,664	22,200

B. Major new & renewal products for 2004

(thousand cases)

	Product	Launch	Sales vol.
1	Georgia Emerald Mountain 190g can	Feb	3,159
2	Aquarius 2,000ml PET	Feb	2,841
3	Sokenbicha 500ml PET	Feb	2,353
4	Sokenbicha 2,000ml PET	Feb	1,901
5	Marocha Chabanoko 500ml PET	Mar	1,633
6	Georgia European Blend 190g can	Sep	1,613
7	Aquarius 500ml PET	Feb	1,549
8	Georgia Emblem Black 190g can	Aug	991
9	Marocha Chabanoko 280ml PET	Mar	925
10	Georgia Café Latte 190g can	Apr	906

3. Vending Machine Installation



(1) Vending machines installed

(No. of machines)

		CCWJ		Chugoku region		Kyushu region	
		2003	2004	2003	2004	2003	2004
O w n e d	Regular (cans)	34,165	34,141	17,311	17,740	16,854	16,401
	Full service (cans)	89,369	92,383	36,214	38,648	53,155	53,735
	Cup machines	7,562	6,938	5,541	5,160	2,021	1,778
	Subtotal	131,096	133,462	59,066	61,548	72,030	71,914
No. of machines sold (cans)		4,056	2,723	1,937	1,250	2,119	1,473
Total		135,152	136,185	61,003	62,798	74,149	73,387

(2)

(No. of machines)

	CCWJ		Chugoku region		Kyushu region	
	2003	2004	2003	2004	2003	2004
Predatory	3,257	4,314	794	1,670	2,463	2,644

(3) Market share

(%)

	CCWJ		Chugoku region		Kyushu region	
	2003	2004	2003	2004	2003	2004
Outdoor market share	52.6	51.5	46.9	46.1	59.2	57.6
Indoor market share	28.3	28.5	—	—	—	—

Note: The “indoor market” share represents the aggregate market share in the cities of Fukuoka, Kita-kyushu, Nagasaki, Hiroshima, Okayama and Matsue. (Source: Nielsen Open Market Vending Machine Survey, conducted annually in June).

(4) Equipment numbers

(No. of machines)

		Dec 04	2005		Dec 05
			Installed	Retired	
Regular (rent free)		34,141	2,050	-3,420	32,771
FS	※1 UGVCCS	2,903	150	—	3,053
	※2 Cmode	406	700	—	1,106
	※3 CVs	137	50	—	187
	Ordinary	88,937	8,100	-4,500	92,537
Subtotal		92,383	9,000	-4,500	96,883
Cup machines		6,938	195	-310	6,823
Regular (sold)		2,723	—	-1,000	1,723
Total		136,185	11,245	-9,230	138,200

※1 Upgraded VCCSs: Sales-supporting vending machines equipped with promotions, remote-controlled heater/cooler, and other functions.

※2 Cmode vending machines: Vending machines that can sell products and content by mobile phone order.

※3 CVs (Communication Vendors): Data supply type vending machines

4. Home Market Share



(1) About Intage store audit

Outline

A market-wide estimation based on point-of-sale (POS) and stock data collected at sample stores.

Design outline

- (1) Target business: Home (domestic consumption) market, covering supermarkets, convenience stores, retailers such as liquor shops and grocery stores, and drugstores.
- (2) No. of sample stores: 640 in the CCWJ region.
- (3) Data source: POS data and inventory surveys.
- (4) Data type: Sales data, including share, volume, number, amount and average price of product sold.
- (5) Note: The audit covers the home market only, accounting for an estimated 37% of the overall market, inclusive of sales from vending machines.

(2) Home market share by manufacturer

(%)

	CCWJ		Chugoku region		Kyushu region	
	2003	2004	2003	2004	2003	2004
CCWJ	30.5	28.5	29.0	27.1	32.1	30.0
Competitors	69.5	71.5	71.0	72.9	67.9	70.0
Suntory/Pepsi	11.6	12.1	11.4	12.0	11.7	12.2
Kirin	9.3	8.7	9.4	8.8	9.2	8.5
Asahi	4.2	4.5	4.0	4.4	4.3	4.7
Sapporo	0.7	0.7	0.6	0.6	0.8	0.8
Otsuka	4.7	4.3	4.8	4.4	4.6	4.2
Itoen	4.8	5.2	4.5	4.7	5.2	5.6
DyDo	0.7	0.8	1.0	1.1	0.4	0.4
JT	0.9	0.5	1.0	0.5	0.8	0.4
UCC	1.0	0.9	1.4	1.2	0.6	0.5
Calpis	4.3	4.5	4.3	4.7	4.2	4.2
Others	27.3	29.3	28.6	30.5	26.1	28.5

(Source: Intage Store Audits)

Note: The “home market share” is a manufacturer’s share of sales at supermarkets, convenience stores, liquor shops, and grocery stores.

(3) Home market share by category

(%)

	CCWJ		Chugoku region		Kyushu	
	2003	2004	2003	2004	2003	2004
Total	30.5	28.5	29.0	27.1	32.1	30.0
Carbonates	54.6	53.7	54.6	54.3	54.7	53.2
Cola	78.0	79.3	77.0	77.0	79.2	81.7
Carbonated water	8.2	9.4	6.4	7.8	10.3	11.2
Flavored	61.5	62.2	63.4	66.1	59.5	57.9
Fruit juices	11.8	9.4	13.0	10.5	10.3	8.2
Coffee	31.9	28.8	26.1	23.5	38.7	35.1
Canned coffee	68.3	70.0	59.2	60.3	77.7	79.9
Non-sugared tea	32.2	28.7	33.0	29.5	31.4	28.0
Chinese	15.4	12.7	15.5	12.2	15.3	13.2
Japanese	16.5	12.4	15.3	10.5	17.5	13.9
Blended	78.0	82.0	76.3	80.7	80.1	83.7
English teas	17.0	16.1	15.3	14.5	19.4	18.5
Sports drinks	52.9	53.5	53.7	53.5	51.9	53.5
Fitness drinks	10.2	6.9	10.4	6.6	10.1	7.4
Lactic drinks	12.7	4.8	11.0	3.9	15.3	6.6
Mineral water	25.2	25.7	13.3	14.3	34.0	34.8

(Source: Intage Store Audits)

Note: The “home market share” is a manufacturer’s share of sales at supermarkets, convenience stores, liquor shops, and grocery stores.

(4) Home market share by industry

	CCWJ		Chugoku region		Kyushu region	
	2003	2004	2003	2004	2003	2004
Total	30.5	28.5	29.0	27.1	32.1	30.0
Supermarkets	28.3	26.9	26.6	25.5	30.5	28.6
Convenience stores	24.4	23.4	25.2	24.5	23.7	22.5
Liquor stores	47.1	42.1	42.3	37.1	53.2	49.0
Grocery stores	51.1	50.3	49.7	45.1	52.2	54.2
Drugstores	17.0	15.7	10.6	10.9	30.1	25.4

(Source: Intage Store Audits)

Note: The “home market share” is a manufacturer’s share of sales at supermarkets, convenience stores, liquor shops, and grocery stores.

Reference: Monthly market share and year-on-year change

(%, percentage points)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2004
CCWJ	Share	32.1	30.3	30.1	29.5	29.0	27.7	26.9	27.2	26.5	27.7	28.6	29.9	28.5
	Y-o-Y change	-2.1	-2.0	-2.9	-1.4	-1.5	-0.9	-1.0	-1.9	-2.7	-3.0	-2.1	-2.2	-2.0
Chugoku region	Share	30.4	28.6	28.2	27.9	27.8	26.3	26.0	26.5	25.1	26.2	27.0	27.9	27.1
	Y-o-Y change	-2.2	-1.9	-3.1	-1.2	-0.8	-0.3	-0.9	-1.7	-2.7	-3.4	-2.5	-2.6	-1.9
Kyushu region	Share	33.8	32.1	32.1	31.2	30.4	29.2	27.9	28.0	28.1	29.3	30.3	31.9	30.0
	Y-o-Y change	-2.0	-2.2	-2.7	-1.6	-2.3	-1.7	-1.1	-2.2	-2.8	-2.6	-1.7	-1.8	-2.0
Suntory	Share	11.1	11.6	13.2	12.7	11.5	11.6	12.1	12.6	12.3	11.5	11.7	12.5	12.1
	Y-o-Y change	-0.5	0.0	+1.8	+0.6	-0.5	-0.4	+0.6	+0.7	+0.5	+0.8	+1.5	+1.1	+0.5
Kirin	Share	9.0	8.6	8.7	8.9	8.4	8.7	8.1	8.3	9.1	9.3	8.8	8.4	8.7
	Y-o-Y change	+0.8	+0.3	-0.8	-1.0	-1.2	-0.6	-1.4	-0.8	+0.2	-0.4	-1.3	-1.0	-0.6
Asahi	Share	4.1	4.3	4.2	4.5	4.6	4.8	5.0	4.7	4.4	4.5	4.2	4.3	4.5
	Y-o-Y change	+0.2	-0.4	-0.6	+0.1	+0.5	+0.9	+0.7	+0.7	+0.3	+0.6	+0.3	+0.2	+0.4
Otsuka	Share	4.8	5.0	4.2	4.3	4.0	4.2	4.7	4.5	4.1	3.9	3.8	4.0	4.3
	Y-o-Y change	-0.9	-0.2	-0.4	+0.1	-0.4	-0.4	+0.2	-0.6	-1.1	-0.6	-0.6	-0.3	-0.4
Itoen	Share	5.0	4.7	4.7	4.8	5.2	5.5	5.2	5.1	5.4	5.4	5.4	5.3	5.2
	Y-o-Y change	+0.5	+0.3	+0.7	+0.6	+0.7	+0.3	+0.1	+0.0	+0.4	0.3	+0.0	+0.3	+0.4

(Source: Intage Store Audits)

Note: The “home market share” is a manufacturer’s share of sales at supermarkets, convenience stores, liquor shops, and grocery stores.

5. Capital Investment and Depreciation



(1) Consolidated capital investment and depreciation

(¥ mn)

		2003	2004	2005
Capital investment	Land	371	417	2,156
	Buildings and other structures	690	1,458	4,545
	Machinery and equipment	1,519	2,431	2,318
	Sales equipment	9,276	8,278	6,247
	Others	1,988	3,025	3,619
	Total	13,846	15,611	18,886
Depreciation		15,888	14,927	14,644

6. Major Shareholders



(1) By type and number of shares held

(entities, thousand shares, %)

	Dec 31, 2003				Dec 31, 2004			
	# of shareholders	Breakdown	# of shares	Breakdown	# of shareholders	Breakdown	# of shares	Breakdown
Financial institutions	80	0.5	15,748	19.0	66	0.5	14,238	17.2
Securities brokers	27	0.2	1,999	2.4	30	0.2	1,742	2.1
Other corporations	338	2.3	35,722	43.1	319	2.5	31,578	38.1
Foreign corporations	190	1.3	15,426	18.6	198	1.5	21,429	25.8
Individuals and others	14,166	95.7	10,256	12.4	12,463	95.3	8,684	10.5
Treasury stock	1	0.0	3,745	4.5	1	0.0	5,225	6.3
Total	14,802	100.0	82,898	100.0	13,077	100.0	82,898	100.0

(2) Dividends and payout ratios

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net earnings per share (yen)	201.83	152.56	144.08	124.27	122.20	113.67	77.82	17.62	85.49	116.25	108.80
Equity per share (yen)	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	2,089.94	2,149.99
Annual dividend per share (yen)	17.50	20.00	25.00	27.00	30.00	32.00	32.00	34.00	34.00	36.00	40.00
(Interim dividend) (yen)	0.00	10.00	12.50	13.50	15.00	15.00	16.00	16.00	17.00	17.00	20.00
(Year-end) (yen)	17.50	10.00	12.50	13.50	15.00	17.00	16.00	18.00	17.00	19.00	20.00
Payout ratio (%)	9.2	13.7	18.0	21.9	25.9	26.7	42.7	108.9	52.1	28.3	37.7
Adjusted payout ratio (%)	11.9	13.7	19.7	24.1	25.9	26.7	46.9	108.9	52.1	28.3	37.7

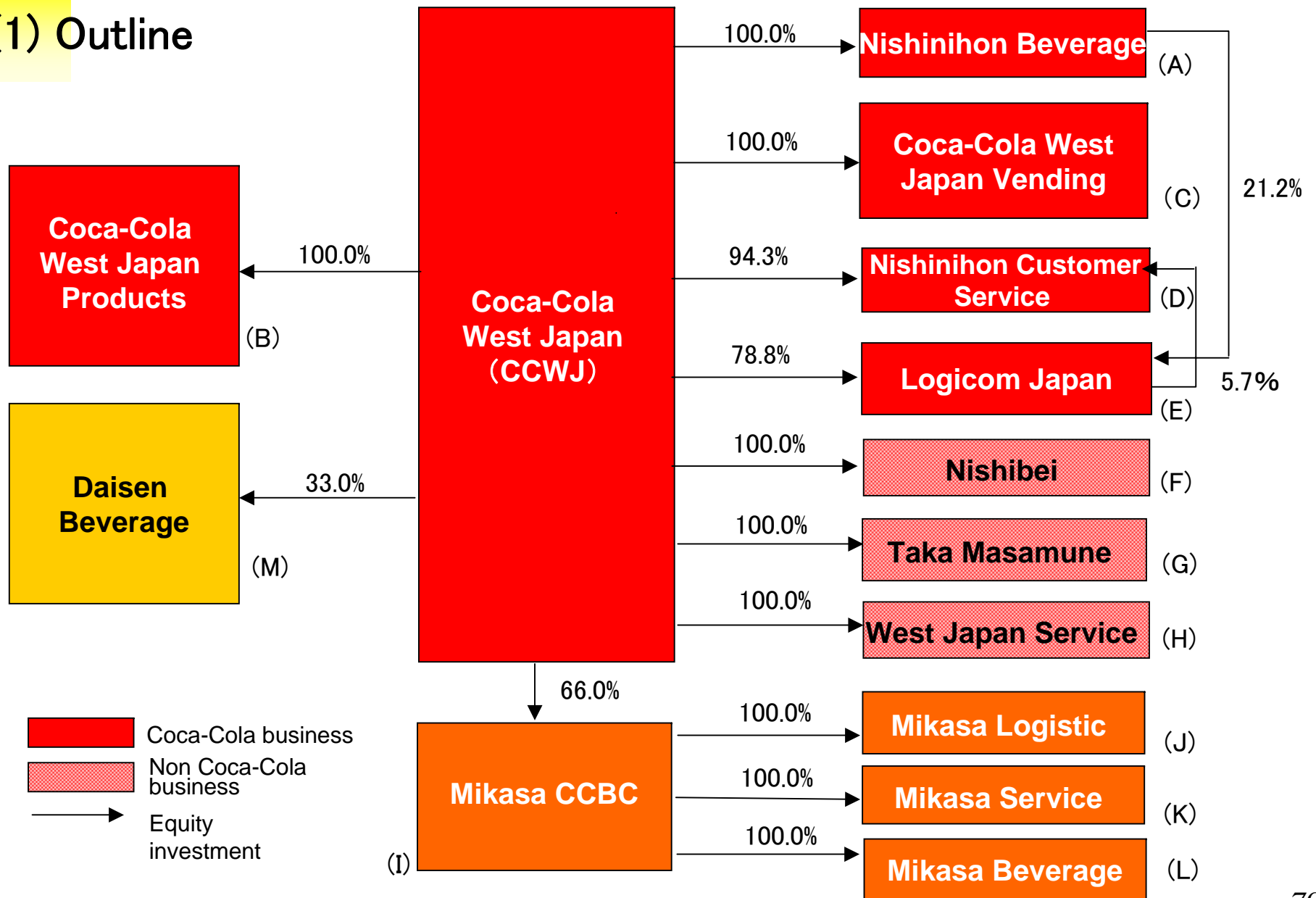
(3) Share splits

Split ratio of	To the registered shareholders as of	Announced on
1:1.3	Dec 31, 1994	Feb 15, 1995
1:1.1	Dec 31, 1996	Feb 20, 1997
1:1.1	Dec 31, 1997	Feb 20, 1998
1:1.1	Dec 31, 2000	Feb 20, 2001

7. Coca-Cola Group Companies



(1) Outline



- (A) Nishinohon Beverage Co., Ltd.: Vending machine operator focusing on Coca-Cola brands
- (B) Coca-Cola West Japan Products Co., Ltd.: Beverage producer
- (C) Coca-Cola West Japan Vending Co., Ltd.: Vending machine operator
- (D) Nishinohon Customer Service Co., Ltd.: Vending machine maintenance company handling installation, repair and cleaning.
- (E) Logicom Japan Co., Ltd.: Freight transport company
- (F) Nichibei Co., Ltd.: Food processor
- (G) Taka Masamune Co., Ltd.: Liquor brewery and distributor
- (H) West Japan Service Co., Ltd.: Insurance agency, leasing, and real estate related businesses
- (I) Mikasa Coca-Cola Bottling Co., Ltd.: Food and beverage distributor
- (J) Mikasa Logistic Co., Ltd.: Freight transport company
- (K) Mikasa Service Co., Ltd.: Vending machine maintenance company handling installation, repair and cleaning.
- (L) Mikasa Beverage Service Co., Ltd.: Vending machine operator focusing on Coca-Cola brands
- (M) Daisen Beverage Co., Ltd.: Beverage producer

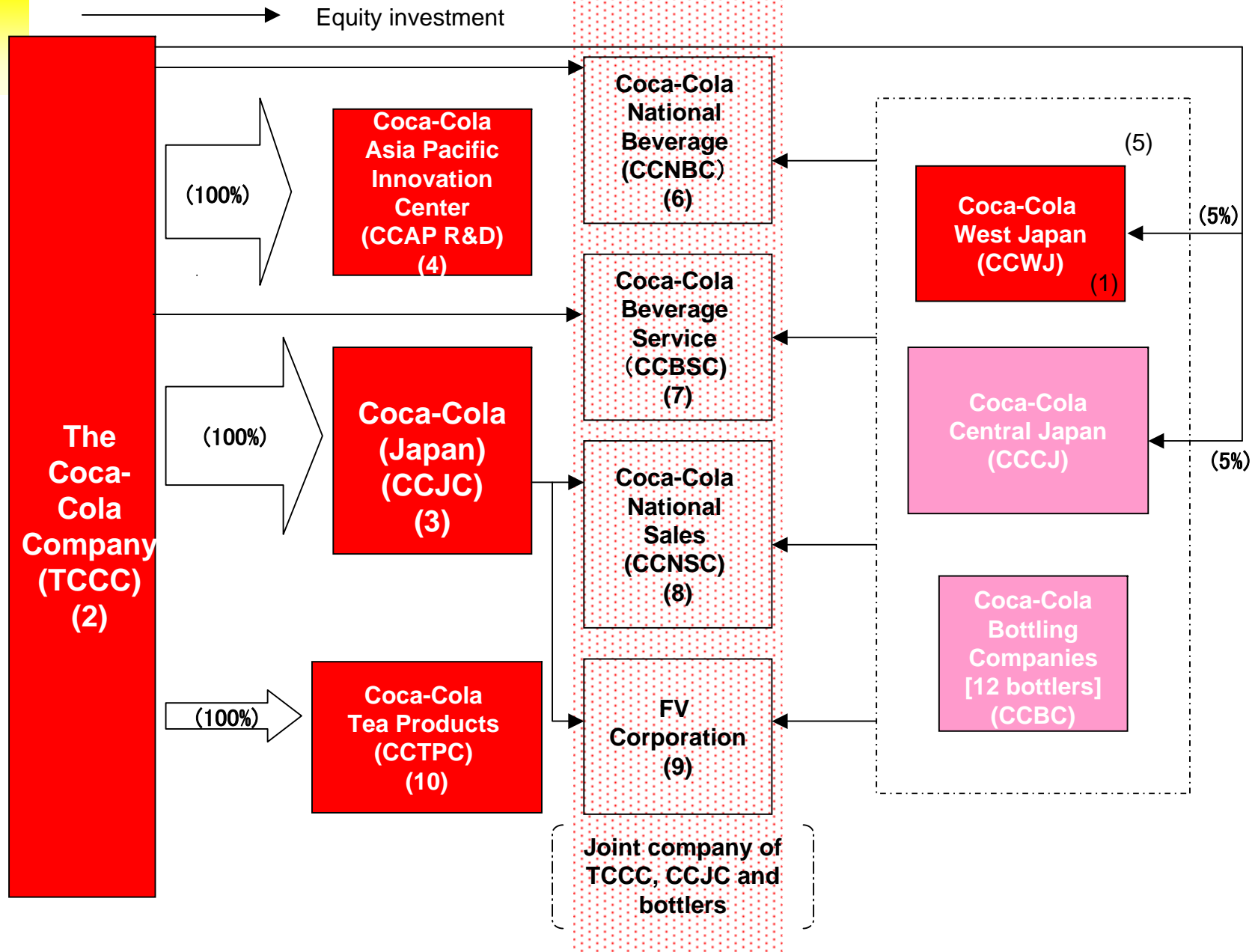
(2) Results

(¥ mn)

	Net sales			Operating income		
	2003	2004	2005	2003	2004	2005
Nishinohon Beverage	21,096	21,075	19,764	192	-220	53
CCWJ Products	6,907	6,592	6,644	266	137	70
CCWJ Vending	5,062	5,957	6,036	215	62	100
Nishinohon Customer Service	6,454	6,939	6,473	100	296	105
Logicom Japan	7,883	9,125	9,233	158	266	205
Taka Masamune	5,128	4,914	5,400	111	220	190
Mikasa CCBC	29,608	32,292	28,320	-454	422	480

Note: The figures above show results prior to adjustment for consolidation.

8. Coca-Cola System in Japan



Coca-Cola group companies and their roles

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

In July 1999, Sanyo Coca-Cola Bottling Co., Ltd. and Kita Kyushu Coca-Cola Bottling Co., Ltd. merged with a capital injection from The Coca-Cola Company to form Coca-Cola West Japan Company Limited (CCWJ). CCWJ is the first Coca-Cola Anchor Bottler in Japan.

2. The Coca-Cola Company (TCCC)

Established in 1919 in Atlanta, Georgia (USA). Carries the rights to license manufacturing and sales of Coca-Cola to bottlers. TCCC and its subsidiaries draw up bottling contracts with bottlers.

3. Coca-Cola (Japan) Company, Limited (CCJC)

Established in Tokyo in 1957 as “Nihon Inryo Kogyo K.K.,” a wholly-owned subsidiary of The Coca-Cola Company of the U.S. In 1958 the company name was changed to Coca-Cola (Japan) Company, Limited. The company undertakes marketing, planning, and the manufacturing and distribution of concentrate in Japan.

4. Coca-Cola Asia Pacific Innovation Center (CCAP R&D)

Established January 1993 as a wholly-owned subsidiary of The Coca-Cola Company of the U.S. As of January 1995, it undertakes product development and technical support to respond to the needs of the Asian region.

5. Coca-Cola bottlers (CCBCs)

There are 14 bottlers in Japan, which purchase products from the CCJC in different sales regions.

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

A joint venture established by TCCC and the CCBCs in April 2003, with the aim of creating an integrated, nationwide supply chain. Operations began in October that year. At CCNBC, procurement of raw materials, manufacturing, demand and supply plans, and coordination are integrated on a nationwide basis to supply products to the bottlers.

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

Established in June 1999 as a joint venture of the TCCC and the CCBCs. Operations started September 1999. Procurement operations were transferred to Coca-Cola National Beverage Services as of October 2003. Undertakes promotional activities to restructure information systems in Japan’s Coca-Cola System.

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

Established October 1995 as a joint venture between all the CCBCs and the CCJC. Carries out sales activities for national chain customers.

9. FV Corporation (FVC)

Established May 2001 as a joint venture between the CCJC and the all CCBCs. Its functions include sales negotiations with wide area chains for the VM business and sale of non-corporate (not authorized by CCJC) products.

10. Coca-Cola Tea Products Co., Ltd. (CCTPC)

Established October 1998 as a wholly-owned subsidiary of TCCC for the manufacture and supply of specific products. Due to the transfer of some of its operations to the CCNBC in October 2003, it currently owns and maintains beverage manufacturing plants and machinery, and leases them to the CCNBC.

9. Glossary



1. Channels

- **Vending**

Retail sales business to distribute products through vending machines to consumers

- **Chain store**

Wholesale business for supermarket chains

- **Convenience store**

Face-to-face sales business for convenience store chains.

- **Retailer**

Face-to-face sales business for grocery stores, liquor stores and other outlets.

- **Food service**

Syrup sales business for operators of entertainments popular among young people (the future core target), such as fast food restaurants, movie theaters, sports facilities, family restaurants and theme parks.

- **Agent distributor**

Intermediaries who work for Coca-Cola handling our products in remote areas and islands.

2. Vending business related terms

- **Regular vending machine**

A vending machine lent free of charge to a handler who takes care of the machine, and uses it to sell products purchased wholesale from us.

- **Full service vending machine**

A vending machine installed and managed (functions include supplying products and collecting money from the machines) directly by us. Location fees are paid to the proprietors of installation spots.

- **Indoor market**

Market of vending machines installed indoors. The types of users are relatively specific.

- **Outdoor market**

Market of vending machines installed outdoors. The types of users are less specific..

- **Predatory**

To eliminate competitors' vending machines by replacing them with ours.

- **Upgrade**

To replace an existing vending machine with another type that better responds to customer needs and sales trends. Examples might include a different-sized machine or a machine adaptable for PET bottles.

3. CCNBC related terms

- **CRP (Cost Reduction Program)**

Action plan to cut costs. Sometimes refers to the sum of costs reduced or, inversely, to profits.

- **PPL (Procurement Product Logistic)**

The collective name for the three Supply Chain Management (SCM) function areas of procurement, manufacture, and distribution.

- **Toll product**

A functionally shared system for specific products manufactured by the CCTPC and purchased and sold by the CCBCs. Tea, mineral water, and new category items were originally launched using this method. The system was adopted to answer the need for planning of production and equipment investment as well as risk management on a nationwide basis. It responds to fast-growing products requiring new production line investment or for which accurate sales forecasting is difficult. All toll products have become franchise items since operation started at the CCNBC.

- **Franchise product**

A bottler purchases concentrate from the CCJC to manufacture and sell products of its own. Coca-Cola, Georgia, Fanta and others are offered to markets on this basis.

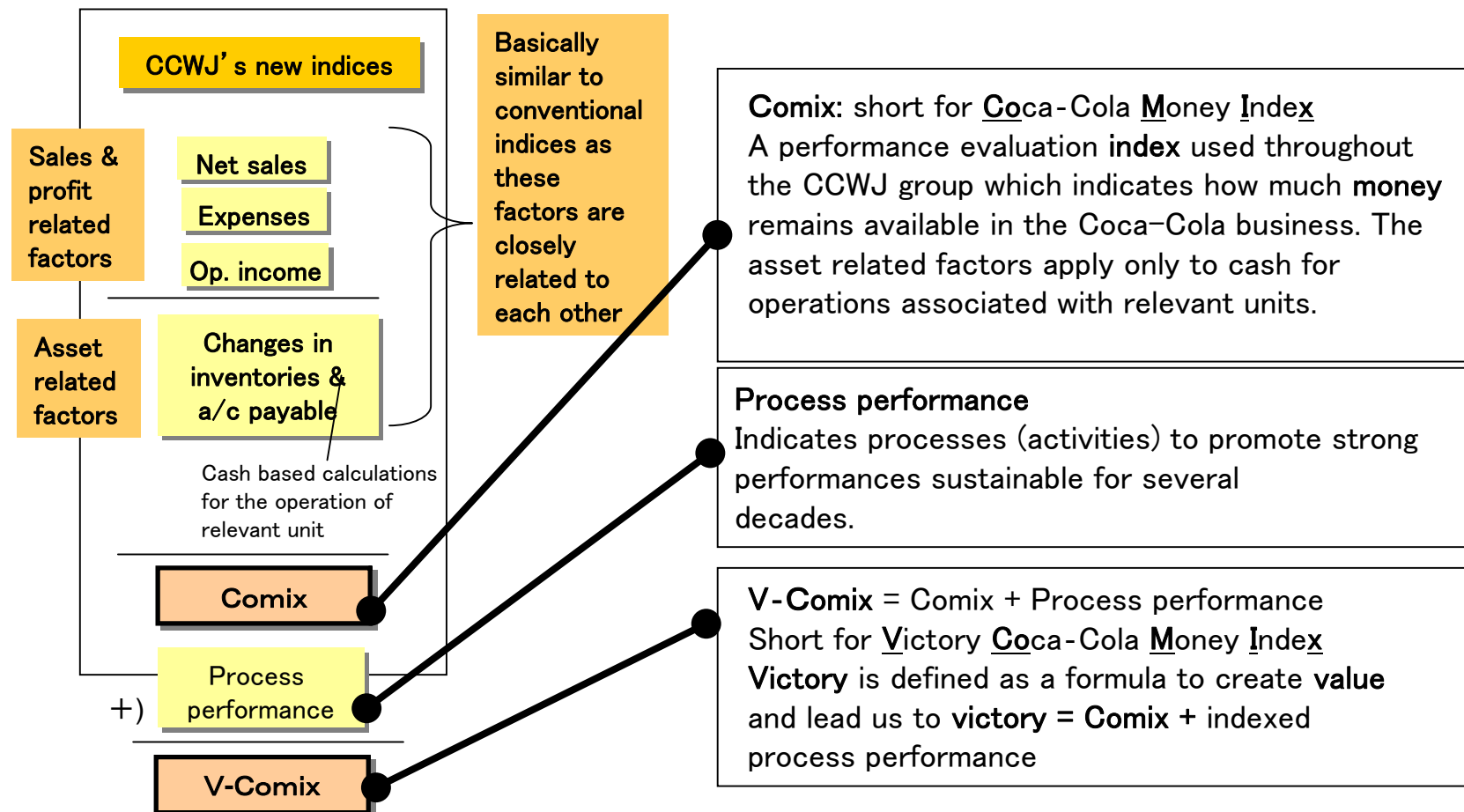
4. Other terms

- **Sales mix**

Includes the difference between budget and results due to changes in a product's unit price or brand composition.

5. V-Comix

- A performance monitoring system, focusing on cash flow, designed to realize VBM (Value Based Management) within the CCWJ group by moving management away from sales volume centered business.
- Moving from management centered around sales volume at every organizational level—branch office, regional HQ, and business units—to cash flow management that evaluates the money remaining available for each business.



The plans, performance forecasts, and strategies appearing in these materials are based on the judgment of our management in view of data obtained as of the date this material was released. Please note that these forecasts may differ materially from actual performance due to risks and uncertain factors including those listed below.

- Intensification of market price competition
- Economic trend variations affecting the business climate
- Major rate fluctuations in capital markets