



Coca-Cola West Japan Company, Limited

September 18, 2003

News Release to Media

Coca-Cola (Japan) Co., Ltd.
Hokkaido Coca-Cola Bottling Co., Ltd.
Michinoku Coca-Cola Bottling Co., Ltd.
Sendai Coca-Cola Bottling Co., Ltd.
Mikuni Coca-Cola Bottling Co., Ltd.
Tone Coca-Cola Bottling Co., Ltd.
Tokyo Coca-Cola Bottling Co., Ltd.
Coca-Cola Central Japan Co., Ltd.
Kinki Coca-Cola Bottling Co., Ltd.
Hokuriku Coca-Cola Bottling Co., Ltd.
Shikoku Coca-Cola Bottling Co., Ltd.
Coca-Cola West Japan Co., Ltd.
Minami Kyushu Coca-Cola Bottling Co., Ltd.
Okinawa Coca-Cola Bottling Co., Ltd.
Coca-Cola National Beverage Co., Ltd.

Coca-Cola National Beverage Starts Operations

Coca-Cola (Japan) Co., Ltd. and all the Coca-Cola bottlers in Japan have jointly announced that Coca-Cola National Beverage Co., Ltd. (CCNBC) will start its operations regarding the procurement, production, and distribution for Japan's Coca-Cola Group on October 1, 2003. In fiscal 2004, CCNBC is projected to produce and supply about 200 million cases of products.

As a company born from collaboration among Coca-Cola (Japan) and the bottlers, CCNBC aims to create new values through supply chain management (SCM) on a national scale. It will help reinforce the long-term competitiveness of Japan's Coca-Cola Group by responding quickly to changing market environments and increasing customer and consumer satisfaction.



Coca-Cola West Japan Company, Limited

Competitiveness to be boosted by nationwide SCM

CCNBC will centralize the operations related to procurement, production, and distribution by Japan's Coca-Cola Group companies, build an optimum SCM on a national scale, and thus reduce the relevant costs. The assets to be created from CCNBC's operation will be reinvested in such efforts as strengthening the Group's marketing activities and increasing customer service in order to ensure the long-term competitiveness of the Coca-Cola Group in Japan.

With the help of a newly consolidated Group information system, CCNBC's nationwide SCM is projected to achieve an annual cost reduction of ¥25 billion by fiscal 2007 by increasing productivity through improved management of resources distributed across Japan, maximum use of the production lines, and optimization of the inventories.

Roles of CCNBC

CCNBC will perform joint procurement of raw materials and equipment, oversee the production and demand-and-supply plans and their adjustment on a national level, and supply its products to the bottlers. It will make quick decisions regarding the SCM strategy of the Coca-Cola Group in Japan, invest in advanced manufacturing technologies, and introduce innovative, high-quality products and containers meeting consumer needs, thus increasing customer and consumer satisfaction.

Furthermore, CCNBC will pursue optimization of the Coca-Cola production and distribution bases across the country. By expediting standardization of the Coca-Cola Group's operational processes and information systems, it will also create a more powerful information network enabling individual bottlers to acquire detailed national-level information instantly, so that a more flexible national supply system can be generated. By linking the SCM and individual marketing activities closely together, CCNBC's new information system will strengthen still further the community-based customer services that have been promoted by the bottlers over the years.

Deploying CCNBC operations

The operations to be overseen by CCNBC will be transferred in two stages. In the first stage, on October 1, 2003, CCNBC will take control of toll operation products (see Attachment 2), which are now controlled by Coca-Cola Tea Products Co., Ltd. (CCTPC), and procurement operations, which are now controlled by Coca-Cola Beverages Service Co., Ltd. (CCBSC).

In the second stage, in January 2005, CCNBC will take control of franchised product operations, which are now carried out by the individual bottlers. When the second stage is complete, the toll and franchising production schemes, currently being operated in different ways, will be consolidated into one. CCNBC will thus be placed in a position to control all Coca-Cola products on a national level.

Contact for inquiries about CCNBC:

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Coca-Cola West Japan Company, Limited

Attachment 1

Corporate Profile of CCNBC (as of October 1, 2003)

Corporate name: Coca-Cola National Beverage Co., Ltd.
Established: April 1, 2003
Head office: Zone Roppongi Building, 6-2-31, Roppongi, Minato-ku, Tokyo 106-0032
Capital: ¥5 billion (capital reserve: ¥5 billion)
Accounts closed: December

Purposes of business:

1. Provide consultation for planning, research, scheduling, and management of the procurement of raw materials, production, and distribution (supply chain) of soft drink products.
2. Manufacture, purchase, and sell soft drinks, soft drink syrups, and soft drink powders.
3. Purchase and sell containers (cans, plastic and glass bottles, etc.) and equipment (vending machines, dispensers, their parts, etc.) for producing and distributing soft drinks.
4. All other operations related to the purposes 1, 2, and 3 above.

Volume of production: About 2 billion cases (plan for fiscal 2004)
Products sold to: Coca-Cola bottling companies
Executive officers:

| | |
|---------------------------------------|---|
| Representative Director and President | Guy Wollaert |
| Directors | Kunio Sugaya Special Advisor, Coca-Cola West Japan Co., Ltd. |
| | Yasuyoshi Suzuki Representative Director and President, Sendai Coca-Cola Bottling Co., Ltd. |
| | Nanyo Hafuji Representative Director and President, Mikuni Coca-Cola Bottling Co., Ltd. |
| | Yoshimoto Aoki Representative Director and President, Tone Coca-Cola Bottling Co., Ltd. |
| | Keiji Takanashi Representative Director and President, Tokyo Coca-Cola Bottling Co., Ltd. |
| | Naohisa Sotomura Representative Director and President, Coca-Cola Central Japan Co., Ltd. |
| | Masakazu Morito Representative Director and President, Kinki Coca-Cola Bottling Co., Ltd. |
| | Norio Sueyoshi Representative Director, President and CEO, Coca-Cola West Japan Co., Ltd. |
| | Kokichi Honbo Representative Director and President, Minami Kyushu Coca-Cola Bottling Co., Ltd. |
| | Masahiko Uotani Representative Director and President, Coca-Cola (Japan) Co., Ltd. |
| | John Murphy Representative Director and Vice President, Coca-Cola (Japan) Co., Ltd. |
| Auditors | Hiroshi Nakamura Representative Director and Vice President, Kinki Coca-Cola Bottling Co., Ltd. |
| | Shinichi Yamashita Managing Director, Tone Coca-Cola Bottling Co., Ltd. |
| | Takanori Hara Director, Management Planning Department, Coca-Cola (Japan) Co., Ltd. |



Coca-Cola West Japan Company, Limited

Shareholders: 14 companies

| | |
|--|--------|
| Hokkaido Coca-Cola Bottling Co., Ltd. | 5.02% |
| Michinoku Coca-Cola Bottling Co., Ltd. | 3.54% |
| Sendai Coca-Cola Bottling Co., Ltd. | 4.09% |
| Mikuni Coca-Cola Bottling Co., Ltd. | 8.06% |
| Tone Coca-Cola Bottling Co., Ltd. | 7.68% |
| Tokyo Coca-Cola Bottling Co., Ltd. | 10.52% |
| Coca-Cola Central Japan Co., Ltd. | 14.14% |
| Kinki Coca-Cola Bottling Co., Ltd. | 10.49% |
| Hokuriku Coca-Cola Bottling Co., Ltd. | 4.11% |
| Shikoku Coca-Cola Bottling Co., Ltd. | 3.15% |
| Coca-Cola West Japan Co., Ltd. | 14.49% |
| Minami Kyushu Coca-Cola Bottling Co., Ltd. | 5.61% |
| Okinawa Coca-Cola Bottling Co., Ltd. | 1.40% |
| The Coca-Cola Export Corp.* | 7.69% |

(*Subsidiary of The Coca-Cola Company)

Note: Fuji Coca-Cola Bottling Co., Ltd. and Chukyo Coca-Cola Bottling Co., Ltd. are represented by their parent company, Coca-Cola Central Japan, and Mikasa Coca-Cola Bottling Co., Ltd. by its parent company, Coca-Cola West Japan Co., Ltd.

Attachment 2

Franchises and Tolls

Coca-Cola Group companies in Japan make products and procure raw materials through two methods: franchise and toll.

- Franchise:

With the franchise method, the bottlers procure concentrates from Coca-Cola (Japan) Co., Ltd. (CCJC), and then produce and sell the products as their own. Carbonated and coffee products are based on this method.

- Toll:

With the toll method, the bottlers procure and sell products manufactured by Coca-Cola Tea Products Co., Ltd. (CCTPC). Tea, water, and new category products are based on this method. Tolls are used for rapid-growth products, which require quick investment in new production lines, and for new products, for which correct sales forecasts are difficult. Products in these categories adopt the toll method because they need integrated production and plant and equipment investment plans as well as risk control from a nationwide viewpoint.



Coca-Cola West Japan Company, Limited

Visions of Japan's Coca-Cola Group

The Coca-Cola Group in Japan has a mission to provide all people sampling our brands with refreshment and satisfaction and to create and provide values to all parties related to our business. Our basic strategy is to reinforce the current collaboration among all the Coca-Cola bottlers and Coca-Cola (Japan) Co., Ltd. (CCJC) and create new values, chiefly in the areas of consumer marketing, customer service, and supply chain management (SCM). To this end, the Coca-Cola Group, as a leader in the soft drinks industry, is determined to shun conventional practice and take on the challenge of drastic reforms in order to strengthen our competitive advantage on a continuous basis.

History of Collaboration toward Reforms

Supported by the marketing mapped out by CCJC and by the production and distribution bases of the 15 bottlers across the country, Japan's Coca-Cola Group has maintained a well-established presence as a leader in the soft drink industry.

The Coca-Cola Group in Japan always aims to respond quickly to changing consumer needs and maximize customer satisfaction. To achieve these aims, various measures have been taken jointly by CCJC and the bottlers since the middle of the 1990s to meet continual changes in business environments and needs.

In 1995, 15 bottlers jointly set up Coca-Cola National Sales Co., Ltd. in an effort to enhance their services to retail chain customers operating on a national scale. Last year, they also founded a jointly operated Customer Management Learning Center to strengthen sales proposal capabilities. Further, Coca-Cola Beverage Service Co., Ltd., a joint procurement company established in 1999 jointly by The Coca-Cola Company and the bottlers, is now procuring en bloc 90% of the main raw materials and equipment used by Japan's Coca-Cola Group as a whole.

With respect to SCM, the following initiatives took place last year. The nationwide SCM aims to reinforce and develop these regional activities to build an optimum joint system through close collaboration among all the bottlers and CCJC:

- A joint investment line was started by Coca-Cola East Japan Products Co., Ltd., a production company owned jointly by four bottling companies: Tokyo, Mikuni, Tone, and Coca-Cola Central Japan.
- A west Japan demand and supply mechanism was launched by seven Group companies: Coca-Cola West Japan, and Kinki, Chukyo, Hokuriku, Mikasa, Shikoku, and Minami Kyushu bottling companies.
- A joint mineral water production company, Daisen Beverage Co., Ltd., was established by five bottling companies: Coca-Cola West Japan, Kinki, Chukyo, Shikoku, and Minami Kyushu.



Coca-Cola West Japan Company, Limited

National Supply Chain Management (SCM) Initiative

Aims:

By achieving a large cost cut by means of the national-level SCM, Japan's Coca-Cola Group aims to reinforce the Group's competitive advantage over a long period of time. More specifically, it aims to:

- Increase consumer satisfaction by offering high-quality, safe, and high value added products
- Improve customer services through quick and flexible supply systems
- Invest strategically in advanced technologies and facilities
- Make maximum and most effective use of the existing facilities
- Optimize inventories and reduce the costs of procurement, production, and distribution

Strategy:

In order to achieve these aims, the nationwide SCM will be constructed based on the following strategy:

- Centralize decision-making
- Optimize the production and distribution networks on a national basis
- Establish consolidated demand and supply plans
- Build a common information system for the entire range of Group companies.

Establishment of CNBC and activities to date:

In April, 2003, six bottling companies (Mikuni, Tone, Tokyo, CCCJ, Kinki, and CCWJ) and CCJC jointly set up CCNBC to lay the groundwork for a nationwide SCM by investigating and verifying the best organizations, operational procedures, information systems, and economic outcomes. Since then, with the subsequent participation of other bottlers, preparations have been under way for the new company to start operations in October 2003.



Coca-Cola West Japan Company, Limited

Attachment 3

List of Coca-Cola Group companies in Japan

(As of September, 2003)

| Company name | Head office location | Representative director | Sales territory |
|--|-------------------------------|--------------------------------|--|
| Coca-Cola West Japan Co., Ltd. | Fukuoka city, Fukuoka pref. | Norio Sueyoshi | Hiroshima, Okayama, Yamaguchi, Shimane, Tottori, Fukuoka, Saga, and Nagasaki |
| Hokkaido Coca-Cola Bottling Co., Ltd. | Sapporo city, Hokkaido | Yoshitoshi Kitajima | Hokkaido |
| Michinoku Coca-Cola Bottling Co., Ltd. | Shiba county, Iwate pref. | Kunihisa Tanimura | Iwate, Akita, Aomori |
| Sendai Coca-Cola Bottling Co., Ltd. | Sendai city, Miyagi pref. | Yasuyoshi Suzuki | Miyagi, Fukushima, Yamagata |
| Tone Coca-Cola Bottling Co., Ltd. | Noda city, Chiba pref. | Yoshimoto Aoki | Chiba, Ibaragi, Tochigi |
| Mikuni Coca-Cola Bottling Co., Ltd. | Okegawa city, Saitama pref. | Nanyo Yafuji | Saitama, Gunma, Niigata |
| Tokyo Coca-Cola Bottling Co., Ltd. | Minato-ku, Tokyo | Keiji Takanashi | Tokyo |
| Fuji Coca-Cola Bottling Co., Ltd. | Ebina city, Kanagawa pref. | Masao Ishizaki | Kanagawa, Shizuoka, Yamanashi |
| Chukyo Coca-Cola Bottling Co., Ltd. | Nagoya, Aichi pref. | Shigeru Hatoyama | Aichi, Gifu, Mie |
| Hokuriku Coca-Cola Bottling Co., Ltd. | Takaoka city, Toyama pref. | Haruhiko Inagaki | Nagano, Toyama, Ishikawa, Fukui |
| Mikasa Coca-Cola Bottling Co., Ltd. | Tenri city, Nara pref. | Nobutsugu Nakajima | Nara, Shiga, Wakayama |
| Kinki Coca-Cola Bottling Co., Ltd. | Settsu city, Osaka | Masakazu Morito | Osaka, Hyogo, Kyoto |
| Shikoku Coca-Cola Bottling Co., Ltd. | Takamatsu city, Kagawa pref. | Yotaro Endo | Kagawa, Tokushima, Kochi, Ehime |
| Minami Kyushu Coca-Cola Bottling Co., Ltd. | Kumamoto city, Kumamoto pref. | Sachiyoshi Honbo | Kumamoto, Kagoshima, Oita, Miyazaki |
| Okinawa Coca-Cola Bottling Co., Ltd. | Urazoe city, Okinawa | Hiroshi Ohara | Okinawa |
| Coca-Cola Central Japan Co., Ltd. | Yokohama, Kanagawa pref. | Naohisa Sotomura | Wholly holding company of Fuji and Chukyo Coca-Cola Bottling companies |



Coca-Cola West Japan Company, Limited

| Company name | Head office location | Representative director | Remarks |
|--------------------------------------|--------------------------------------|--------------------------------|--|
| Coca-Cola (Japan) Co., Ltd. | Shibuya-ku, Tokyo | Masahiko Uotani | Subsidiary of The Coca-Cola Company, engaged in the production and sale of soft drinks and in the planning and implementation of marketing strategies |
| Coca-Cola Products Co., Ltd. | Minato-ku, Tokyo | Guy Wollaert | Subsidiary of The Coca-Cola Company, engaged in the manufacture, distribution and wholesale of toll products |
| Coca-Cola Beverage Service Co., Ltd. | Coca-Cola Beverage Service Co., Ltd. | Jiro Wakasa | Joint subsidiary of The Coca-Cola Company and the bottlers in Japan. Will provide services for the Coca-Cola Group in Japan through the procurement en bloc of raw materials and equipment and the operation of information systems. |