



Coca-Cola West Japan Company, Limited

To whom it may concern

March 13, 2003

Coca-Cola (Japan) Co., Ltd.
Mikuni Coca-Cola Bottling Co., Ltd. (Code 2572)
Tone Coca-Cola Bottling Co., Ltd.
Tokyo Coca-Cola Bottling Co., Ltd.
Coca-Cola Central Japan Co., Ltd. (Code 2580)
Kinki Coca-Cola Bottling Co., Ltd. (Code 2576)
Coca-Cola West Japan Co., Ltd. (Code 2579)

Announcement to Establish Coca-Cola National Beverage Co., Ltd.
The Coca-Cola (Japan) Group Creates a National Supply Chain Management Company

Coca-Cola (Japan) Co., Ltd. (CCJC) and six bottlers have announced that they have reached an agreement to jointly establish the Coca-Cola National Beverages Co., Ltd. (CCNBC) as of April 1, 2003. The bottling partners are Mikuni, Tone, Tokyo, Coca-Cola Central Japan (which wholly owns Fuji and Chukyo), Kinki, and Coca-Cola West Japan. The new company aims to establish a nationwide supply chain management (SCM) system and is making progress testing and preparing to build optimum organization, operating processes, information systems, and economic effectiveness. Release of further details is planned for September 2003.

The Coca-Cola (Japan) Group's nationwide SCM initiative aims to radically review its production and distribution functions currently dispersed among individual bottlers and to build an optimum national-scale supply chain system ranging from procurement to production and distribution, including the procurement functions currently performed solely by Coca-Cola Beverage Service Co., Ltd. (CCBSO). This system will be designed to boost procurement, production, and distribution efficiency and cut costs, while at the same time building a flexible national supply system that can meet changing consumer and customer needs and improve customer services. To this end, CCJC and the bottlers will collaborate to unify decision-making, optimize production and distribution networks, consolidate demand and supply plans, and develop a common information system. They will also create more efficient national-level production and investment plans and reduce risks based on a new scheme incorporating the current franchise and toll system (see Attachment 2). Achieving this goal will strengthen the long-term competitiveness of the group as a whole.



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Establishing CCNBC

While CCNBC will be established initially by the seven companies, other bottlers are also expected to join one after another. Minami Kyushu Coca-Cola Bottling, Hokuriku Coca-Cola Bottling, and Mikasa Coca-Cola Bottling have declared their intention to participate, while the other bottlers are in the process of making a final decision. To maximize effectiveness, all bottlers intend to become part of the new scheme as soon as possible. They aim to build a total, optimum SCM for the Coca-Cola (Japan) Group by transcending conventional bottler frameworks and territories and shifting their horizons towards collaboration and a nationwide scale.

Sugaya, Representative Director and Senior Adviser at Coca-Cola West Japan Co., Ltd., will become Chairman of the Board of Directors at CCNBC and Guy Wollaert, Representative Director and President of Coca-Cola Tea Products Co., Ltd., will become Representative Director and President. Other directors will be appointed from the bottler companies and CCJC.

Visions and Transformation of Japan's Coca-Cola Group

The Coca-Cola (Japan) Group's mission is to refresh and satisfy everyone coming into contact with our brand and create value for all parties related to our business. Our basic strategy is to reinforce the current collaboration among CCJC and bottlers to create additional value, focusing on the areas of consumer marketing, customer service, and SCM. To this end, the Group and its members are radically reforming to transcend conventional structures and practices. This will enable the Group to respond to fast-changing social, economic, and market environments by quickly ascertaining and constantly raising customer satisfaction. The recent decision by the bottlers and CCJC to jointly establish CCNBC and proceed with detailed studies and groundwork to build a nationwide SCM system marks an extremely important step in the development of Japan's Coca-Cola Group.

Creation of new value through SCM

The assets newly created from reducing Japan's Coca-Cola Group SCM costs will be plowed back into efforts to create advanced manufacturing technology and distribution networks and to reinforce the Group's competitiveness in the marketplace. Some of the money will be aggressively reinvested to develop the industry's most advanced information network. The Group will also exploit its strong business base rooted in local communities to transcend the bottlers' territories and build a nationwide SCM system, with the aim of providing better services to all the customers. In addition, it will maintain its solid customer reliability by providing the high-quality and safe products sought by consumers as well as create new demand by offering new products and packages with high added value.

As a leader in the soft drinks industry, the Coca-Cola (Japan) Group will brush aside conventional structures to carry out reform and aspire for long-term growth and the creation of new values. With reform of its SCM system as a first step, Japan's Coca-Cola Group will continually work to strengthen its long-term competitiveness.



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Attachment 1

Outline of CCNBC

- Corporate name: Coca-Cola National Beverage Co., Ltd. (CCNBC)
- To be established: April 1, 2003
- Headquarters: Minato-ku, Tokyo
- Capital: 10.5 million yen
- Settlement of accounts: December
- Business purposes: Planning, research, and consulting operations concerning procurement of raw materials, production, and distribution (supply chain) for soft drinks and all accompanying and related operations
- Stockholders:

Mikuni Coca-Cola Bottling Co., Ltd.	14.29%
Tone Coca-Cola Bottling Co., Ltd.	14.29%
Tokyo Coca-Cola Bottling Co., Ltd.	14.29%
Coca-Cola Central Japan Co., Ltd.	14.29%
Kinki Coca-Cola Bottling Co., Ltd.	14.29%
Coca-Cola West Japan Co., Ltd.	14.29%
The Coca-Cola Company or its subsidiary	14.29%
- Executive officers
 - Chairman: Kunio Sugaya (Representative Director and Senior Adviser, Coca-Cola West Japan Co., Ltd.)
 - President: Guy Wollaert (Representative Director and President, Coca-Cola Tea Products Co., Ltd.*)
 - Directors: Nanyo Yafuji (Representative Director and President to be appointed as of March 28, 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 to be appointed as of March 27, Coca-Cola Central Japan Co., Ltd.)
Masakazu Morito (Representative Director and President, Kinki Coca-Cola Bottling Co., Ltd.)
Yoshio Sueyoshi (Representative Director, President and CEO, Coca-Cola West Japan 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.)

(*CCTPC: a subsidiary of the Coca-Cola Company involved in toll manufacturing)



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Attachment 2

Franchise and Toll

Coca-Cola Group products in Japan are classified as “franchise” or “toll” depending on their production and distribution methods

- Franchise: In this method, the bottlers procure concentrates from CCJC and then produce and sell products under their own brand. (Coca-Cola, Georgia, Fanta, and Sprite brands are based on this method).
- Toll: In this method, the bottlers purchase products manufactured by CCTPC as finished goods. Toll products include tea, water, and new category products. This method has been developed to accommodate production and capital investment planning and risk management on a national basis and for products in rapidly growing categories for which investments in new production lines are required, or for new products for which accurate forecast demand may be difficult.

History of Collaboration toward Reforms

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

The Coca-Cola Group in Japan has always striven to respond quickly to fast-changing consumer needs in order to maximize customer satisfaction. To this end, CCJC and the bottlers have jointly implemented a range of measures since the mid-1990s in response to changing business environments and needs.

In 1995, the 15 bottling partners established Coca-Cola National Sales Co., Ltd. in an effort to enhance their services to retail chain customers operating on a national scale. Last year, the partners also founded the collectively run Customer Management Learning Center to strengthen proposal-driven sales capabilities. In 1999, the Coca-Cola Company and the Japanese bottlers invested in establishing a joint procurement company, Coca-Cola Beverage Service Co., Ltd., which is already procuring 90% of the major raw materials for Japan’s Coca-Cola Group as a whole.



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Attachment 3

Nationwide Supply Chain Management (SCM) Initiative

The SCM initiative of the Coca-Cola (Japan) Group aims to strengthen the Group's long-term competitive advantage by reducing the costs of procurement, production, and distribution. More specifically, it aims to:

- Increase consumer satisfaction by offering high-quality, safe, and high value-added new products
- Improve customer services with prompt and flexible supply systems
- Invest strategically in advanced technologies and facilities
- Exploit existing facilities to the full
- Optimize inventories and reduce the costs of procurement, production, and distribution

Based on the judgment that national-level strategies are the most effective means of achieving these aims, Japan's Coca-Cola Group opened a pilot office last August to lay the groundwork for a nationwide SCM initiative. Participants comprised the six bottlers (Mikuni, Tone, Tokyo, Coca-Cola Central Japan, Kinki, and Coca-Cola West Japan), CCJC, and CCTPC. This initiative has the following strategic objectives:

- 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 all Group companies.

The nationwide SCM aims to build an optimized system by reinforcing and developing regional SCM through collaboration among the bottlers and CCJC. Last year, Japan's Coca-Cola Group carried out the following SCM initiatives:

- Coca-Cola East Japan Products Co., Ltd., a joint production company with investment from four bottlers (Tokyo, Mikuni, Tone, and Coca-Cola Central Japan) began operation.
- A west Japan demand and supply mechanism began operation with participation from seven Group companies: Coca-Cola West Japan, Kinki, Chukyo, Hokuriku, Mikasa, Shikoku, and Minami Kyushu.
- A joint mineral water production company, Daisen Beverage Co., Ltd., was established by four bottlers: Coca-Cola West Japan, Kinki, Chukyo, Shikoku, and Minami Kyushu.



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【For Reference】

List of bottlers in Japan

(As of March 13, 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.	Noboru Kishida	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.	Yuichi 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.	Hitoshi Ariwaka	Wholly owned company of Fuji and Chukyo Coca-Cola Bottling companies



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Coca-Cola (Japan) Co., Ltd.

Coca-Cola (Japan) Co., Ltd.	Shibuya-ku, Tokyo	Masahiko Uotani	Sale of concentrates to the bottlers and planning of marketing strategies
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