

November 18, 2004

## **NEWS RELEASE**

**Coca-Cola National Beverages Co., Ltd.**

### **Coca-Cola System to Launch Fully-Integrated Supply Chain Operations in Japan**

Tokyo, November 18, 2004 – Coca-Cola National Beverages Company, Limited (CCNBC) announced today that it will start the fully-integrated management of procurement, production, and logistics operations for all Coca-Cola products in Japan on January 1, 2005. This will be accomplished by transferring the bottlers' franchise manufacturing operations to CCNBC, an action approved by the company's shareowners meeting yesterday. The amount of products to be produced and supplied by CCNBC is expected to reach 600 million physical cases in 2005.

Established in 2003 with joint investments by all bottling partners and Coca-Cola (Japan) Company, Limited, CCNBC began its first phase of operations in October last year. At that time, centralized procurement of raw materials and manufacturing and supply of so-called toll products the bottlers were consolidated into CCNBC. The planned transfer of franchise products, including the carbonated drinks and ready-to-drink coffee products whose production and sales have been handled by the bottlers, will mark the start of a nationally integrated supply chain management (SCM) for the Coca-Cola System in Japan.

#### Accelerated Cost Savings

The nationally integrated SCM is expected to deliver cost savings through the improved efficiency supported by standardization of operational processes and information system integration. The plan is for resources generated by cost savings to be passed on to the shareowner bottlers and invested in sales development programs and new manufacturing technologies to achieve long-term revenue growth for the entire Coca-Cola System in Japan.

By 2007,CCNBC is expected to achieve cost reductions of more than 25 billion yen annually (Strategic Procurement: seven billion yen, Manufacturing: 12 billion yen, Logistics: six billion yen ). In its first phase of operations that began in October 2003 and concludes at the end of 2004, CCNBC is on track to deliver 16.5 billion yen in cost savings, exceeding the original target of 12 billion yen.

During 2004, CCNBC has invested four billion yen into the manufacturing facilities for new products and specialized packages and nine billion yen into the integrated information system. CCNBC plans to invest in these areas over the next three years.

#### Optimization of Manufacturing Capacity

With the start of the nationally integrated SCM operation, the manufacturing facilities in the Coca-Cola System in Japan will be streamlined from the current 34 plants (104 lines) to 27 plants (90 lines, including 3 new lines to be added) by 2007. As a first step, 4 plants (6 lines) will be shut down during 2005. The bottlers who own these facilities will make their own announcements regarding specific plans on staffing and physical assets at each facility.

#### Enhanced Market Response and Customer Service

The expansive sales and distribution network of the Coca-Cola System will now be enhanced by a flexible manufacturing and logistics infrastructure, capable of responding faster to changes in demand, not only in areas of high consumption products, but also in newly developing niche markets and rapidly changing customer service requirements.

#### Improved Quality Management and Product Freshness

By focusing on standardized processes, equipment improvements and investing in training and sharing of best practices among the bottlers, further quality enhancement will be assured. The integrated SCM will also improve the freshness of the products by accelerating the product delivery capability. In addition, the new information system will enable centralized product tracking at every manufacturing and logistics center in the country.

#### Reduction of Environmental Impact

Establishment of a nationwide integrated SCM is expected to result in overall efficiency improvements in all area's of procurement, production and logistics operations. This not only leads to financial benefits, but should also contribute to improved environmental performance, as a result of reduced package material wastages,



## FACT SHEET

### **Coca-Cola National Beverages Company, Limited** (As of November 1, 2004)

- Foundation: April 1, 2003
- Address: Roppongi Hills North Tower 6-2-31 Roppongi, Minato-Ku, Tokyo 106-0032
- Capital: ¥5,010,500,000  
(Capital Reserve: ¥5,000,000,000)
- Fiscal Year: January - December
- Business Objective
  1. Planning, survey and consulting with regard to material procurement, production, and logistics (supply chain) of soft drinks
  2. Manufacturing, purchasing and sales of soft drinks, syrups and powders for soft drinks.
  3. Purchasing and sales of materials (cans, PET and glass bottles, etc.) and equipment (vending machines, dispensers and parts, etc.) with regard to manufacturing and sales of soft drinks.
  4. All other work related to the above.
- Production volume: Approximately 200 million physical cases (Year 2004 estimate)
- Customers: Coca-Cola Bottlers

#### **Directors and Auditors:**

President and Representative Director

Guy Wollaert

Director

Kunio Sugaya (Special Advisor, Coca-Cola West Japan Co., Ltd.)

Kunihisa Yamura (President and Representative Director, Michinoku Coca-Cola Bottling Co., Ltd.)

Minahiro Yatsufuji (President and Representative Director, Mikuni Coca-Cola Bottling Co., Ltd.)

Yoshimoto Aoki (President and Representative Director, Tone Coca-Cola Bottling Co., Ltd.)

Keiji Takanashi (President and Representative Director, Tokyo Coca-Cola Bottling Co. Ltd.)

Naohisa Tonomura (President and Representative Director, Coca-Cola Central Japan Co., Ltd.)

Haruhiko Inagaki (President and Representative Director, Hokuriku Coca-Cola Bottling Co., Ltd.)

Masakazu Morito (President and Representative Director, Kinki Coca-Cola Bottling Co., Ltd.)

Norio Sueyoshi (President, Representative Director and CEO, Coca-Cola West Japan Co., Ltd.)

Masahiko Uotani (President and Representative Director, Coca-Cola Japan Co. Ltd.)

John Murphy (Executive Vice President and Representative Director, Coca-Cola Japan Co. Ltd.)

#### Auditor

Kazuhiroiro Shirahata (Auditor, Coca-Cola National Beverage Co., Ltd.)  
Shinichi Yamashita (Managing Director, Tone Coca-Cola Bottling Co., Ltd.)  
Tamio Yoshimatsu (Managing Director, Kinki Coca-Cola Bottling Co., Ltd.)  
Takanori Hara (Director, Corporate Planning, Coca-Cola Japan Co. Ltd.)

#### 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 Corporation*	7.69%

(\* subsidiary of The Coca-Cola Company)

<For Fuji Coca-Cola Bottling Co., Ltd and Chukyo Coca-Cola Bottling Co., Ltd, their parent company, Coca-Cola Central Japan Co., Ltd. makes investment. For Mikasa Coca-Cola Bottling Co., Ltd., its parent company, Coca-Cola West Japan Co., Ltd. makes investment.>