

Coca-Cola West

Coca-Cola West Holdings Company, Limited



Annual Review 2007

Year ended December 31, 2007

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Forward-looking Statements

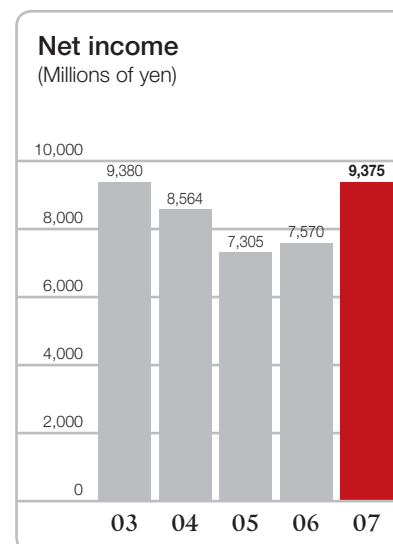
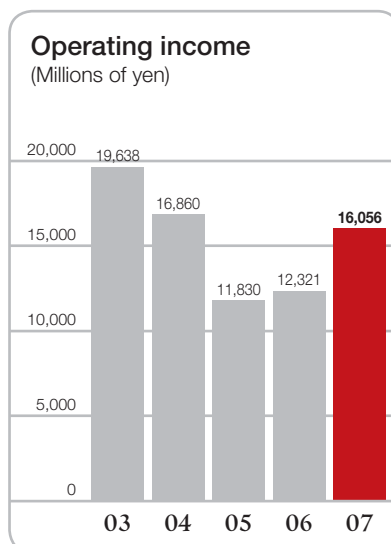
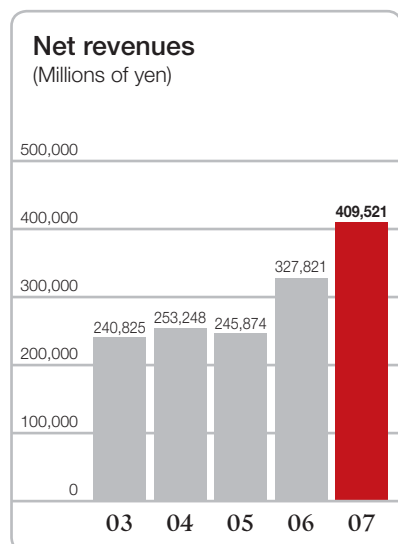
This annual review contains statements regarding the Company's future plans, projected performance and outlook. These forward-looking statements are not historical facts, but represent management's opinions and beliefs based on information available at the time of writing. Readers are cautioned that any number of risks and factors beyond the Company's control could cause actual results to differ materially from those projected by management. These include, but are not limited to, economic trends, intensifying competition in the soft drink industry, market supply and demand, and changes in taxation and other applicable laws and regulations.

Consolidated Financial Highlights

Fiscal year					(Millions of yen)	(Thousands of U.S. dollars)*1
	2003	2004	2005	2006	2007	2007
Net revenues	¥ 240,825	¥ 253,248	¥ 245,874	¥ 327,821	¥ 409,521	\$3,636,308
Gross profit	107,829	113,572	107,523	141,556	175,208	1,555,745
Operating income	19,638	16,860	11,830	12,321	16,056	142,568
Recurring income	19,895	17,065	12,256	13,225	17,493	155,328
Income before income taxes, minority interests and other adjustments	17,985	14,659	12,201	13,108	14,254	126,567
Net income	9,380	8,564	7,305	7,570	9,375	83,245
Total assets	204,180	207,216	208,711	304,907	315,672	2,802,983
Equity ratio (%)*2	81.0	80.6	83.2	82.1	80.5	
					(Yen)	(U.S. dollars)*1
Per share data:						
Net income per share (EPS)	¥ 116.25	¥ 108.80	¥ 93.42	¥ 82.22	¥ 88.29	\$ 0.78
Net assets per share (BPS)	2,089.94	2,149.99	2,228.79	2,358.05	2,391.83	21.24
Dividend per share	36.00	40.00	40.00	42.00	43.00	0.38
Year-end share price	2,100	2,630	2,755	2,755	2,475	21.98

*1 U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.62 = US\$1.00, the prevailing exchange rate on December 28, 2007.

*2 Through fiscal 2005, Shareholders' equity ratio=Shareholders' equity / Total assets; from fiscal 2006, Equity ratio = Total equity/Total assets



Profile

Coca-Cola West Holdings Company, Limited (CCWH) is the largest bottler in Japan, with an operating area covering 2 metropolitan regions and 12 prefectures in west Japan. We are also a leading bottler in world terms among listed bottlers, ranking 4th in terms of sales.

As the largest bottler in Japan, and one of the top-ranked from a global perspective, CCWH is acting as a Strategic Leading Partner with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd. In this capacity, it is playing a leading role in the transformation of the Coca-Cola system in Japan by engaging in product development, test marketing and other collaborative activities that go beyond the traditional scope of a bottler.

Corporate Mission

These statements express our commitment to continue to deliver high value to consumers, employees, and shareholders, and to be of value to society and the environment.

***Coca-Cola* West**

— Coca-Cola West Group Corporate Mission —

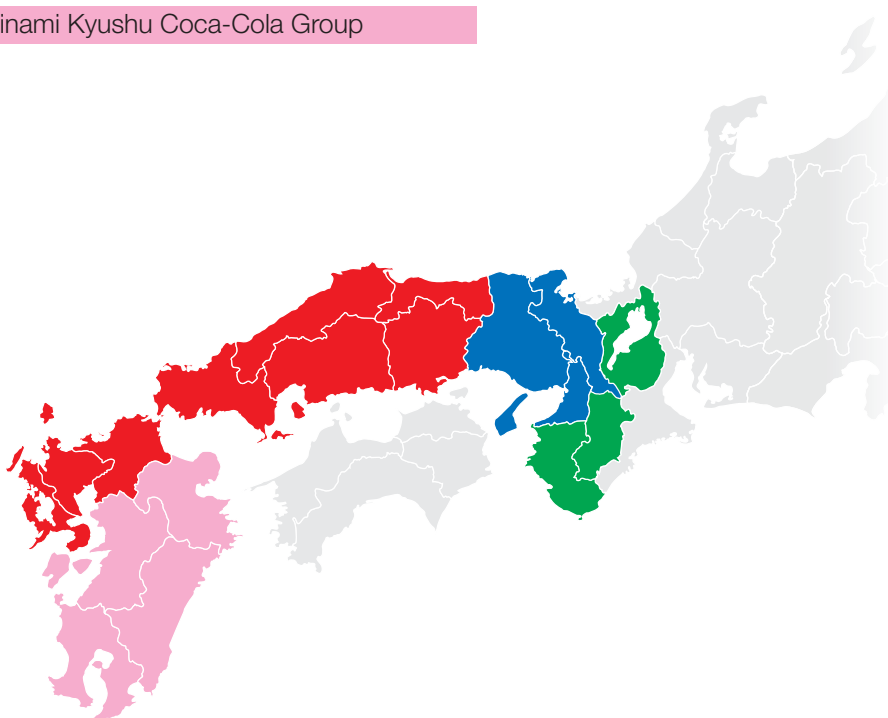
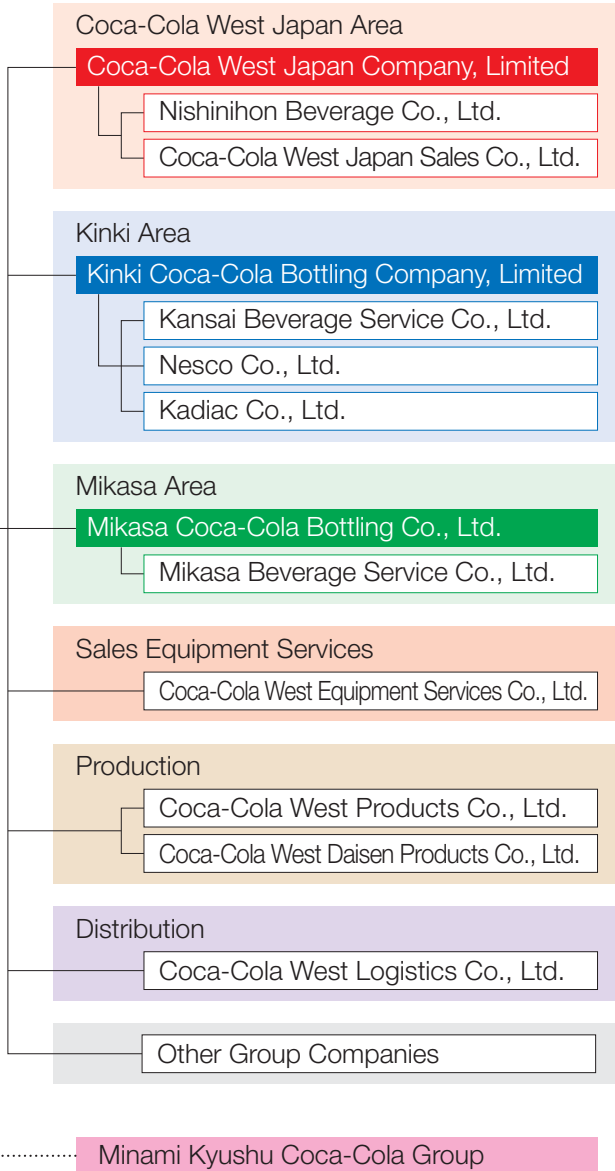
Create future of beverage business

We

- offer products and services welcomed by consumers
- respect each employee's motivation and personal life
- respond to shareholders' expectations and trust by sustainable growth
- nurture the relationships with society and environment

Coca-Cola West Group

Coca-Cola West Holdings Company, Limited





I am pleased to report our operating results for the fiscal year ended December 31, 2007, and provide an overview of our Group policies and business strategies.

Business Overview and Operating Results

In fiscal 2007, the year ended December 31, 2007, the Japanese economy continued to expand modestly, as the ongoing improvement in corporate earnings supported an uptick in capital investment and a stronger job market. However, steep rises in crude oil prices and financial market turmoil triggered by the subprime mortgage problem combined to create an uncertain economic outlook.

During fiscal 2007, the Japanese soft drink industry experienced growth, underpinned by favorable weather conditions, namely a mild winter and record-breaking heat after the end of the rainy season. However, sales competition among soft drink producers intensified during the past year amid a difficult business environment characterized by rapidly rising prices of crude oil and other raw materials.

Against this challenging market backdrop, we took a variety of initiatives as a Group towards achieving the goals of our medium-term management plan “*Wing*.” This plan identifies customers as the basis for all value, and serves as a blueprint for striving to always offer more value than our competitors so that we can achieve growth over the next several decades.

As a result of these efforts, Coca-Cola West Holdings Company, Limited (CCWH) reported consolidated net revenues of ¥409,521 million, up 24.9% from the previous year. Operating income rose 30.3% year on year to ¥16,056 million, and recurring income increased 32.3% to ¥17,493 million. Net income also increased, rising 23.8% to ¥9,375 million.

Initiatives in the First Year of “*Wing*”

As a first step in executing the management plan, we put in place a framework for promoting Group management. This involved altering the Group’s organizational and management structure by consolidating functions. Marketing functions are now controlled in each area close to the markets served. Highly specialized manufacturing and distribution functions have also been consolidated. Specifically, management of the manufacturing and distribution functions in the Kinki area, which were previously under the control of Kinki Coca-Cola Bottling Company, Limited (Kinki CCBC), were transferred to CCWH. This move allows Kinki CCBC to focus on marketing, similar to the role of Coca-Cola West Japan Company, Limited (CCWJ).

We also merged Coca-Cola West Japan Logistics Co., Ltd., Kansai Logistics Co., Ltd. and Mikasa Logistic Co., Ltd., each of which had handled distribution for the Group, to establish Coca-Cola West Logistics Co., Ltd. The new company has enhanced distribution by sharing the best practices of the three former companies and through the consolidation of their management and support divisions. Additionally, effective January 1, 2008, we merged Group manufacturing companies Coca-Cola West Japan Products Co., Ltd. and Kinki Coca-Cola Products Co., Ltd. to form Coca-Cola West Products Co., Ltd. By combining each company’s specific areas of expertise, we believe this merger will allow us to further improve both product quality and productivity.

We are now working with Coca-Cola Integrated Business Systems Co., Ltd. (CCIBS), a joint venture

established by The Coca-Cola Company and Japanese Coca-Cola bottlers, to construct a core system that will become a model for Coca-Cola bottlers nationwide. This system will standardize the different operating processes and information systems of each company with the goal of generating benefits from the management integration with Kinki CCBC.

On the marketing side, we have used aggressive new product launches and promotional campaigns to bolster the core brands of Coca-Cola, Georgia, Sokenbicha, and Aquarius. We significantly increased total sales of Coca-Cola brand (the world's number one brand) products through aggressive marketing, including the launch of Coca-Cola Zero, which is already sold in other markets around the world.

Also, we took steps to ensure that our marketing and sales organization is one step ahead of the curve and can continue to support future growth amid the changing business environment. In this vein, we launched the Next Generation Model Project and are studying new ideas for marketing and vending machine operations.

We also advanced our CSR (Corporate Social Responsibility) program during fiscal 2007. Under the new Group management structure, we established unified Group principles and rules for compliance, quality assurance, and risk management, and established systems for putting them into practice. We believe that adhering to these principles and rules will allow us to keep the trust of all stakeholders. To help protect the environment, during fiscal 2007 we expanded the Sawayaka Shizen-no-Mori (fresh natural forest) project, which aims to preserve forests and their water-holding capacity. New locations include Houki Town (Tottori Prefecture), Ujitawara Town (Kyoto), and Aisho Town (Shiga Prefecture). This project was launched in 2006 in Tosu, Saga Prefecture. In other news, we began construction of a facility for recycling old vending machines to assist in efforts to create a recycling-oriented society.

In addition to the activities discussed above, CCWH formed a capital and business alliance with Minami Kyushu Coca-Cola Bottling Co., Ltd., which markets in the neighboring region. As a consequence, the company became an equity-method affiliate effective April 3, 2007. We are now working together in a number of areas, including marketing, supply chain operations, and purchasing, to maximize the benefits of the alliance.

Steps to Achieve the Goals of *Wing*

As we move forward, we expect the business environment to become increasingly tough, as share prices drop, the price of raw materials and crude oil rise steeply, and competition in the industry intensifies as soft drink producers battle for survival.

Given this situation, we will continue to take strides towards achieving the goals of our medium-term management plan “*Wing*,” which runs for the 2007–2009 period. As I said at the top of this letter, this customer-centric plan is designed to provide value that always exceeds that of the competition, based on the principle that all value starts with the customer. The aim is to maintain growth over the next several decades.

This will involve a number of initiatives. First, we will deepen our relationship with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd., and strengthen our organizational and operational structures to better serve our customers. Regarding overhaul of the Group's organizational and operational structures, we are integrating Group sales equipment maintenance services in an attempt to improve production.

Amid the markedly changing business environment, we will devise innovative strategies and create organizational structures in all areas, including marketing, vending machines, and supply chain operations, to enable continued growth going forward.

Furthermore, we will push ahead with our CSR program (centered on the environment) as we make all efforts possible to earn the trust of all our stakeholders.

Dividends

In return for our shareholders' loyal support, the year-end dividend applicable to 2007 will be ¥22 per share. As a result, the full-year dividend, which includes the interim dividend, comes to ¥43 per share, an increase of ¥1 per share from the previous year.

I look forward to your continued support and understanding.

April 2008

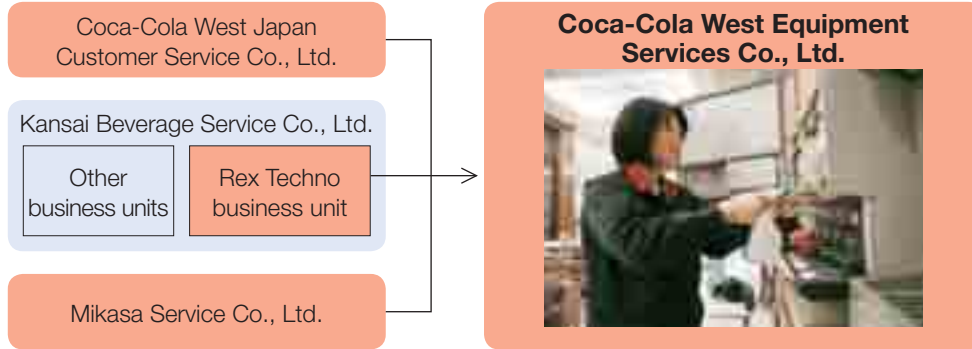


Norio Sueyoshi
Representative Director & CEO

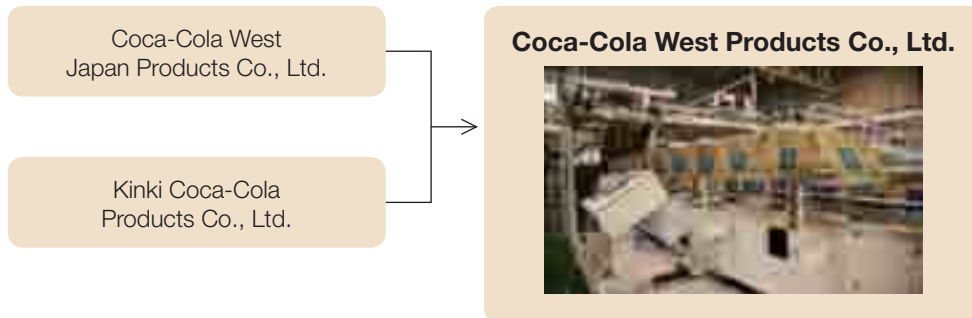
Initiatives to Derive Benefits From Operational Integration

In 2007, the first year of our “*Wing*” medium-term management plan, we pushed ahead with efforts to strengthen functions and promote efficiency that leveraged the benefits of operational integration. Our focus was to create systems and structures that will help drive growth of the Group going forward.

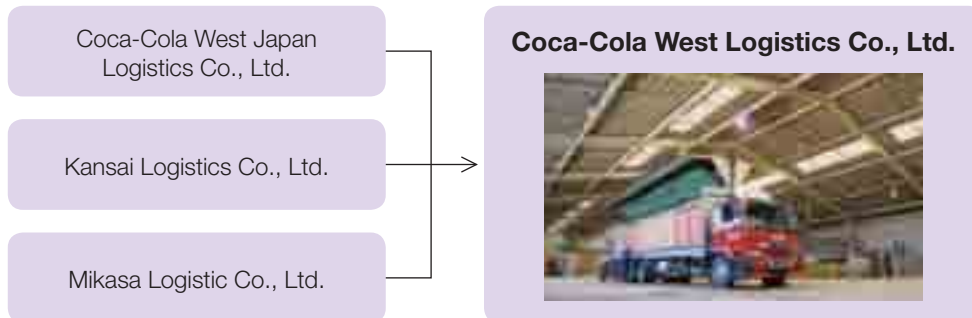
Integration of Sales Equipment Service Subsidiaries



Integration of Manufacturing Companies



Integration of Logistics Companies



Capital and Business Alliance With Minami Kyushu Coca-Cola Bottling



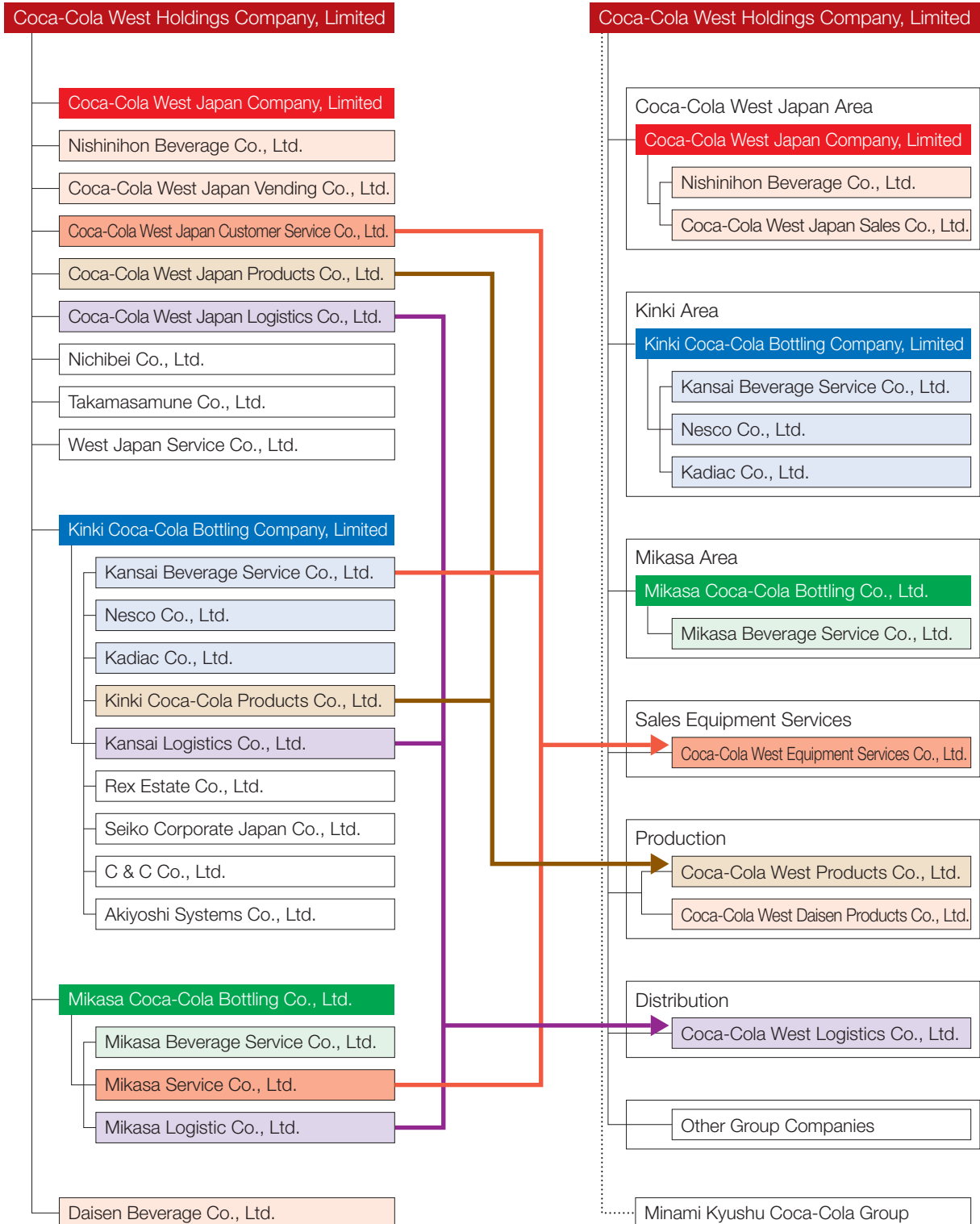
Overhaul of the Group Organizational and Management Structure

We continue to make progress integrating functions deeply tied with consumers by region and highly specialized companies on a functional basis. This process has seen the number of Coca-Cola business subsidiaries decline by 4 from 17 to 13 since the integration.

July 2006 (Management Integration)



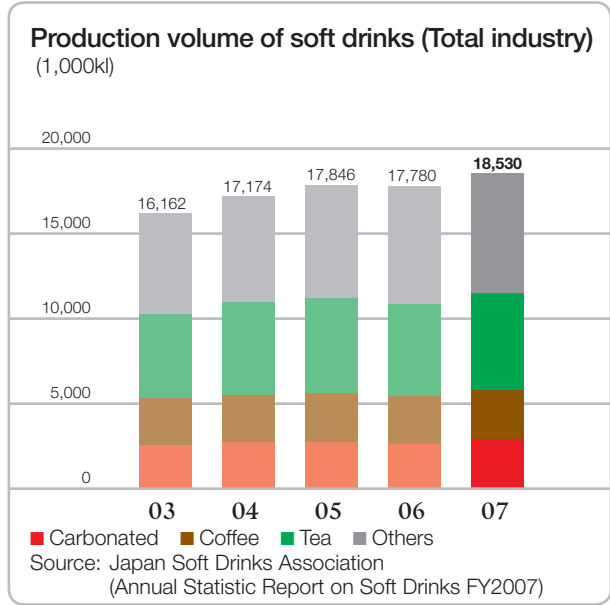
As of April 2008



Trends in the Japanese Soft Drink Market

In 2007, production volume in the soft drink market increased year on year due to factors including favorable weather in the form of a mild winter and record-breaking heat waves after the end of the rainy season.

By category, carbonated beverages, tea and mineral water grew, with especially strong growth for cola drinks and blended tea drinks in the carbonated beverages and tea categories, respectively. On the other hand, coffee and sports drinks were lower year on year.

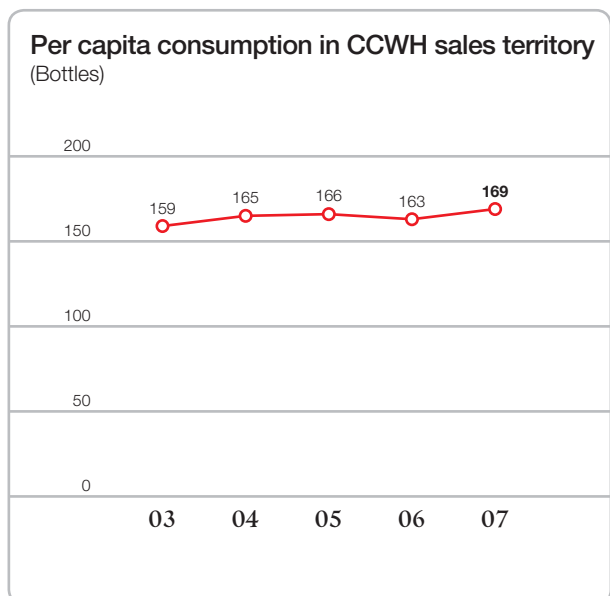
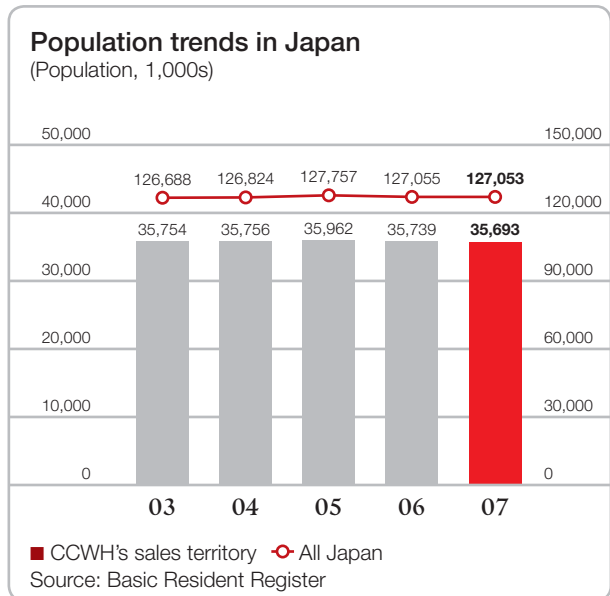


Market Information for CCWH Sales Territory

1. Trends in CCWH Sales Territory

CCWH's sales territory encompasses 2 metropolitan regions: Osaka and Kyoto, and 12 prefectures in west Japan: Fukuoka, Saga, Nagasaki, Hiroshima, Okayama, Yamaguchi, Shimane, Tottori, Hyogo, Nara, Shiga and Wakayama. Japan's population in 2007 totaled 127,053,000, of which 35,693,000 people lived in CCWH's sales territory, representing 28.1% of the country's total population.

The yearly per capita consumption of soft drinks in this sales territory is 169 bottles, based on a serving size of 237ml, representing an increase of 6 bottles from 2006.

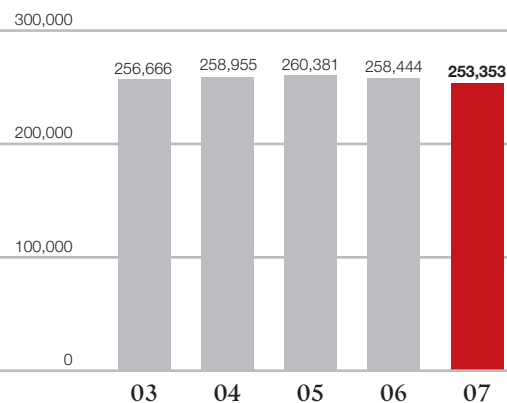


2. Vending Machine Installation

The number of CCWH vending machines installed in the Company's territory was 253,353 units at the end of 2007, a decrease of 5,091 from the end of 2006. The Company's share of the vending machine market was 36.0% in 2007, a high figure compared to competitors. The number of machines installed and share of the outdoor vending machine market have both declined in the past several years, but this is primarily due to the removal of units with low sales as part of a focus on profitability.

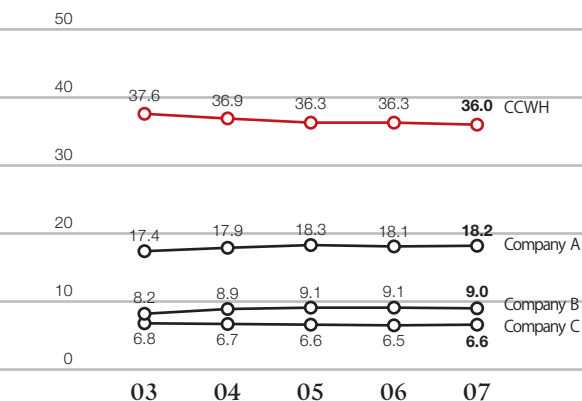


Number of vending machines
(Machines)



* Vending machine numbers above represent the total for Coca-Cola West Japan Co., Ltd., Kinki Coca-Cola Bottling Co., Ltd. and Mikasa Coca-Cola Bottling Co., Ltd.

Share of outdoor vending machine market
(%)



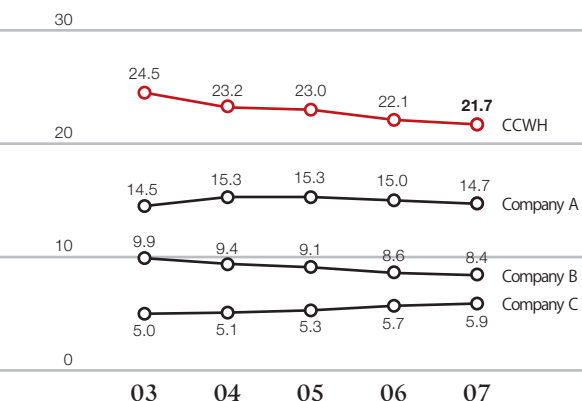
Source: ACNielsen Corporation Japan Store Audit (2007)

3. OTC Market Share

(Excluding Vending Machines)

In 2007, CCWH's share of the OTC market was 21.7% and CCWH held onto its No. 1 share in the soft drinks industry in its operating area. CCWH has also built the following market positions in different business formats: grocery stores, 37.4%; liquor stores, 22.6%; supermarkets, 21.6%; and convenience stores, 18.8%. These figures represent the leading market share for each business format.

OTC market share
(Excluding vending machines)
(%)



Source: Intage Inc. of Japan Store Audit

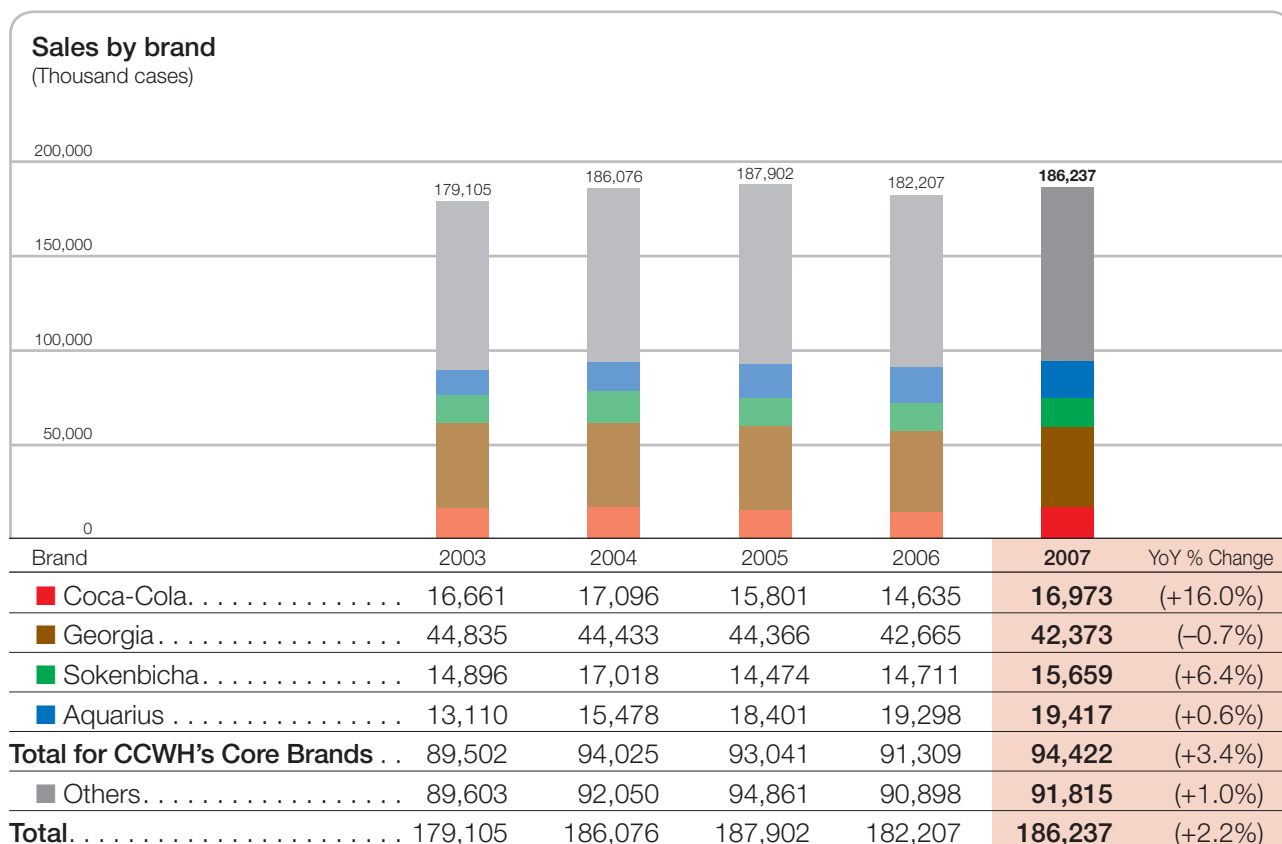
4. Sales Overview

Sales Volume by Brand

CCWH is focused on fundamentally strengthening its core brands, Coca-Cola, Georgia, Sokenbicha and Aquarius, by proactively introducing new products and running aggressive sales campaigns. Total sales volume in fiscal 2007 increased by 4,030,000 cases, or 2.2%, to 186,237,000 cases.

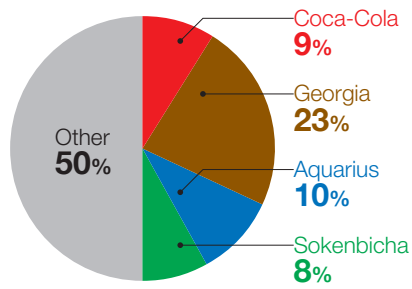
Coca-Cola sales volume recorded double-digit growth. This mainly reflected the success of sales strategies, such as our three color Cola strategy and a new global advertising campaign “the Coke side of life.”

Sales volume of Sokenbicha was up sharply by 6.4% on the back of strong sales of products sold only at certain times of the year.



* Sales figures above represent the total for Coca-Cola West Japan Co., Ltd., Kinki Coca-Cola Bottling Co., Ltd. and Mikasa Coca-Cola Bottling Co., Ltd. Some corrections have been made to sales volume figures for the previous year, which have been reflected in year-on-year comparisons.

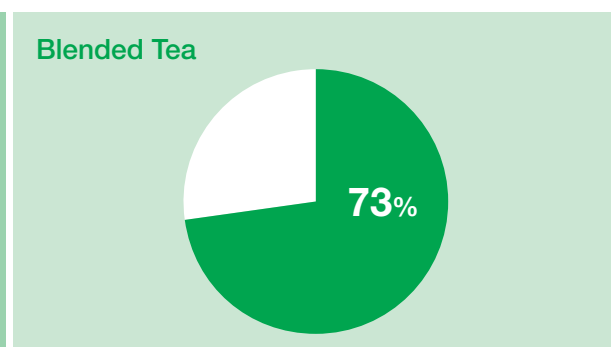
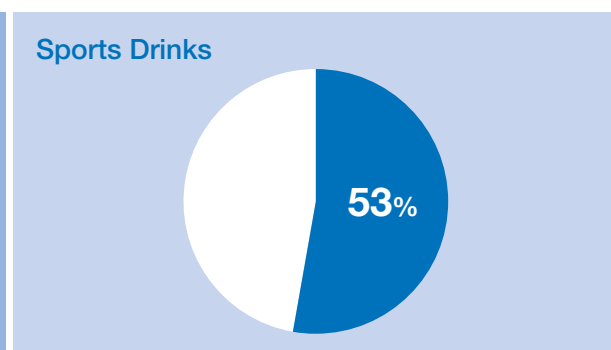
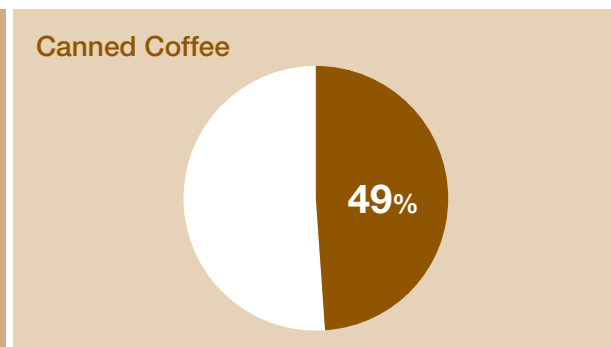
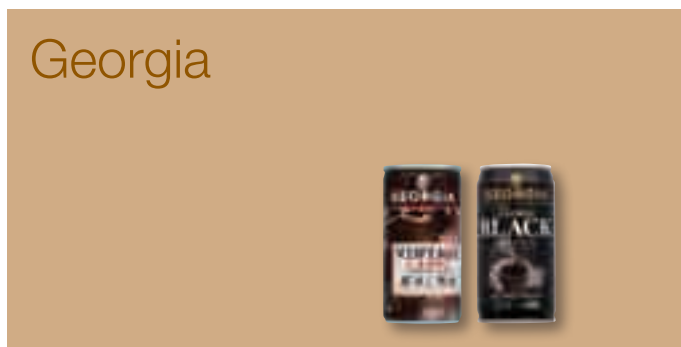
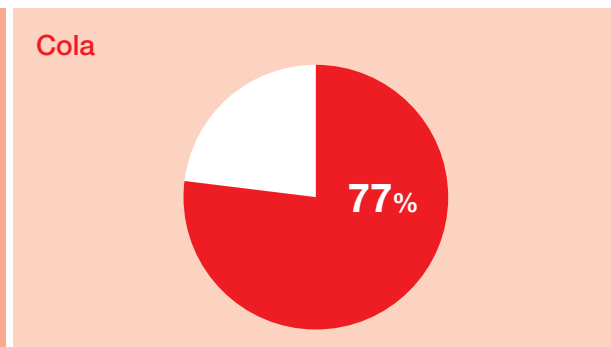
Breakdown of Sales Volume (2007)



CCWH's Core Brands



OTC Market Share by Product Category (2007)



Sales Volume by Channel

The vending machine channel, which is a pillar of CCWH's sales and profits, experienced 0.4% growth year on year, with a total of 59,002,000 cases sold. However, excluding the effect of enterprise adjustments*, the channel grew 2.9%. During the past year, we focused on core brands, which make up roughly 60% of sales volume in this channel, and worked to increase sales per machine via the expansion and effective utilization of IT-enabled vending machines.

The chain store channel, which grew faster than most other channels, posted an increase in sales volume of

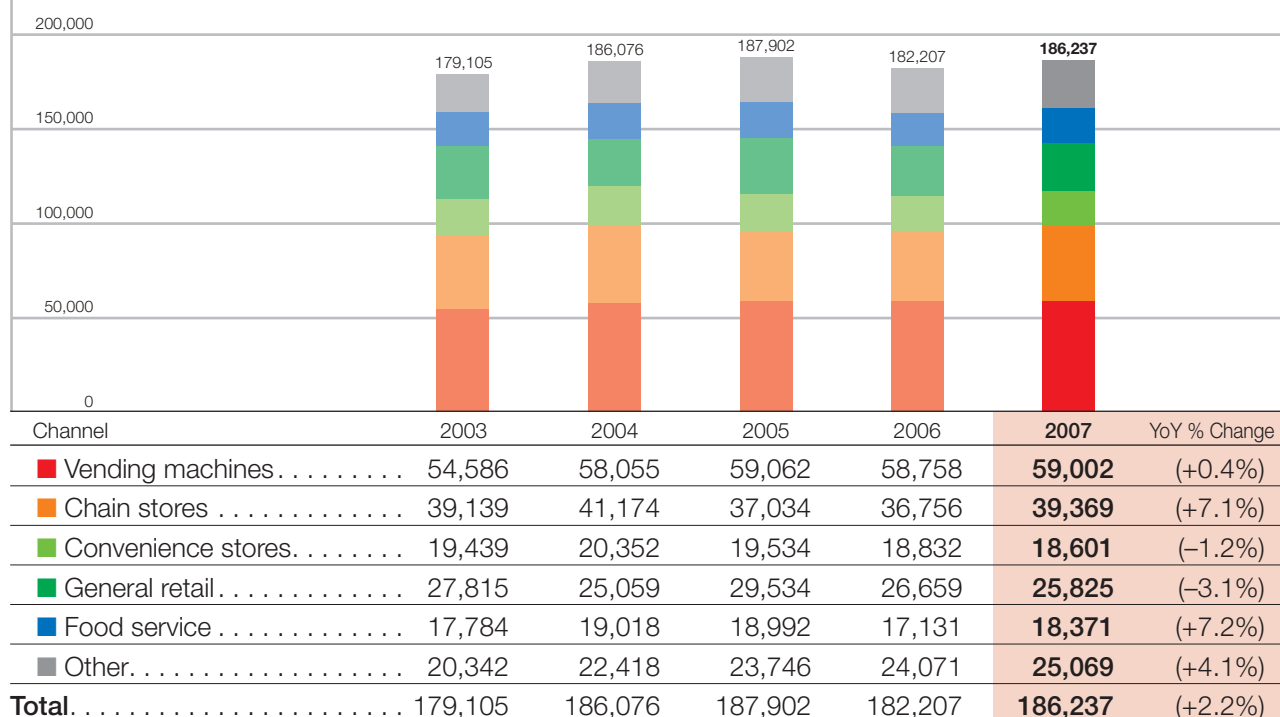
7.1% year on year to 39,369,000 cases. Despite fierce competition in this channel, we made progress improving profits by increasing shipments of small PET bottle products. Furthermore, we expanded sales spaces throughout the year for large PET bottle products, particularly core brands, enabling us to raise sales.

* Enterprise adjustment: CCWJ's cup machines were transferred to Nishihon Beverage Co., Ltd. (NNB), and NNB's Coca-Cola vending machines were transferred to CCWJ. (NNB's sales volume is included under the 'Other' sales channel.)



Sales by channel

(Thousand cases)

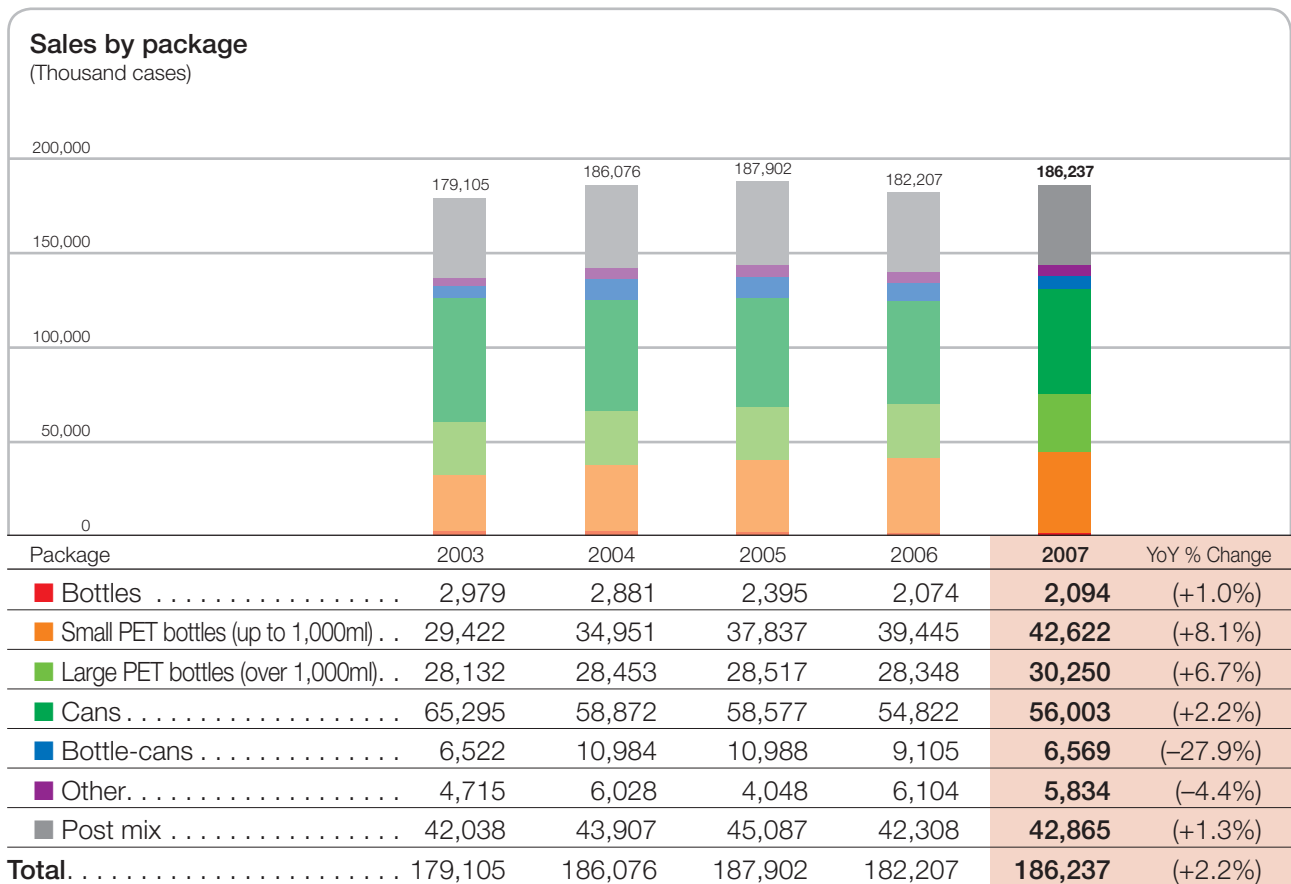


* Sales figures above represent the total for Coca-Cola West Japan Co., Ltd., Kinki Coca-Cola Bottling Co., Ltd. and Mikasa Coca-Cola Bottling Co., Ltd. Some corrections have been made to sales volume figures for the previous year, which have been reflected in year-on-year comparisons.

Sales Volume by Package

Sales volume of small PET bottle products up to 1,000ml jumped 8.1%, reaching 42,622,000 cases in the year under review. Sales volume of large PET bottle products over 1,000ml was up 6.7% year on year at 30,250,000 cases.

We achieved growth with earnings by working to expand shipments of small PET bottle products and introducing various other packaging formats matching customer needs.



* Sales figures above represent the total for Coca-Cola West Japan Co., Ltd., Kinki Coca-Cola Bottling Co., Ltd. and Mikasa Coca-Cola Bottling Co., Ltd. Some corrections have been made to sales volume figures for the previous year, which have been reflected in year-on-year comparisons.

Committed to being a good corporate citizen, the Coca-Cola West Group always thinks and acts from a social standpoint. Consequently, we are involved in a range of activities that contribute to local communities and the global environment in 2 metropolitan regions and 12 prefectures within our operational area. CCWH allocates a fixed portion of earnings every year to fund these ongoing activities with the understanding and support of shareholders.

Contributions to Regional Society

Basic Philosophy

Together With Society

CCWH's support for the healthy development of youth and its efforts to promote closer communication with target regions consists of four areas of activity: community welfare, sports activities, cultural events and educational programs, and major regional events.



Community Welfare



● Donation of Educational Materials to Special Schools

CCWH donates PCs, peripherals and other IT equipment to special schools for the blind, deaf and those with other special needs, as teaching aids in the hope of helping students lead future independent lives in society.

Sports Activities



● Donation of Unicycles to Elementary Schools

CCWH supports the healthy development of youth by donating unicycles to public elementary schools. Unicycles are recognized as being helpful in developing the nervous system and form part of the Ministry of Education, Culture, Sports, Science and Technology curriculum guidelines.



● Sawayaka Rugby Clinic

Members of the Coca-Cola West Red Sparks rugby team teach the fundamentals of the game to senior high school students, helping to improve skills and encourage interaction, thereby promoting healthy development of youths.



● Sawayaka Sports Hiroba

CCWH manages this well-grassed sports ground, which is open to the local community.

Cultural Events and Educational Programs



- **Sawayaka Classical Concert**
CCWH hosts this high-quality, full-fledged classical music event for the local community.



- **Sawayaka Family Musical**
CCWH hosts this musical for parents and children during the summer holidays.



- **Sawayaka Concert**
CCWH supports this entertaining concert, which brings together local orchestras and notable guest singers.



- **Ichimura Nature School in Kyushu**
This facility uses plant cultivation and cooperative living to help children develop into well-balanced, mature young people.

Major Regional Events

As a local business, CCWH supports major regional events run by the government and various groups.



- **The 11th IAAF World Championships in Athletics, Osaka 2007**



- **National Cultural Festival Yamaguchi 2006**



- **Saruku Urban Walking Tour Expo 2006 in Nagasaki**

Environmental Activities

Basic Philosophy on the Environment

Refreshing the Community and the Environment

As a company dedicated to creating the future of the beverage business, we recognize the preservation of the Earth's environment as an issue of the greatest importance and thus endeavor to contribute to the realization of a sustainable society.

We will continue to carry out environmental protection activities with the combined efforts of the Company and each individual employee as a company trusted by the local community.



Our Action Plan

- Consider the environment and prioritize environmental protection measures to guard against environmental risks in all aspects of our business activities.
- Operate and continuously improve systems designed to reduce the environmental burden in our daily business activities.
- Use water effectively, use energy efficiently and reduce and recycle waste.
- Comply with applicable laws and ordinances, agreements and voluntary standards introduced as needed.
- Engage in activities that contribute to local communities and leave a beneficial legacy for the next generation.
- Raise employee awareness of environmental protection issues through training and education.
- Act as a good corporate citizen by promoting communication with stakeholders.

Tackling Global Warming

● Implementing Strategies to Reduce Greenhouse Gases

CCWH reduces emissions of greenhouse gases, seen as one of the causes of global warming, through effective operation of its environmental management system.



● Introducing Environmentally Friendly Vending Machines

CCWH is rolling out energy-efficient vending machines with heat pumps that do not use CFCs, the gases responsible for the destruction of the ozone layer.



● Introducing Environmentally Friendly Vehicles

CCWH is promoting the "Eco-Drive" concept by proactively adding hybrid and natural gas-powered vehicles to its fleet and encouraging environmentally friendly driving.

Creating a Recycling Society

● Operation of the Kitakyushu Sawayaka Recycling Center

In order to make the most effective use of limited resources, we reduce waste from business operations and recycle where possible.



● Container Recycling

CCWH sorts, processes and recycles empty glass bottles, cans and plastic bottles collected at sales branches.

● Vending Machine Recycling

Old vending machines are disassembled at CCWH facilities and, after recovering materials such as CFCs and fluorescent tubes, the iron parts are recycled as scrap metal.

Supporting Environmental Education



● School Biotope Creation Projects

CCWH supports this activity in which children build wildlife refuges with their own hands and in the process learn about the splendor and importance of the natural environment.



● School Tree Planting Projects

Under this program, which is designed to nurture a love of nature and teach its importance, children become “foster parents” for oak seedlings, which they plant in the mountains.



● Coca-Cola Ecology School

With the trees, insects and other flora and fauna in the countryside as the textbook, CCWH holds environmental education classes that provide important experiences for coexisting with nature.

Preserving Watershed Forests



● Activities in *Sawayaka Shizen-no-Mori*

As a company that uses water, one of nature's gifts, in its products, CCWH engages in activities such as pruning trees to preserve watershed forests.

Keeping Local Communities Clean



As a sign of gratitude to local communities, CCWH designates one day of each month as Coca-Cola Clean Day when employees clean roads and public spaces around CCWH offices. CCWH also actively participates in locally organized community cleaning activities.

Overview of Fiscal 2007 Operating Results

Net Revenues

Consolidated net revenues increased ¥81,699 million, or 24.9%, year on year to ¥409,521 million. This was primarily the result of an expansion of scale in terms of sales area and other operational aspects due to integration with Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC) in July 2006, combined with an increase in sales volume.

Operating Income

Operating income increased ¥3,734 million, or 30.3%, to ¥16,056 million mainly as a result of the increase in scale from integration of operational management and lower operating expenses.

Recurring Income

Recurring income increased ¥4,268 million, or 32.3%, to ¥17,493 million.

Net Income

Net income was ¥9,375 million, up ¥1,804 million, or 23.8%, on fiscal 2006. This resulted in net income per share of ¥88.29, an increase of ¥6.07 year on year.

Dividends

The dividend per share rose ¥1 from fiscal 2006 to ¥43, representing a consolidated dividend payout ratio of 48.7%.

Operating Results by Segment

Manufacturing and Marketing of Beverages & Foods

In terms of brand strategy, the segment actively launched new products and ran various promotions with the aim of strengthening its core brands—Coca-Cola, Georgia, Sokenbicha and Aquarius. With respect to Coca-Cola, in addition to launching Coca-Cola Zero we ran a new campaign. Furthermore, two new products were launched under the Georgia brand, Vintage Label and Café Espresso, and a new nutritional health drink, Vitamin Guard, under the Aquarius brand.

We took full advantage of our position as official sponsor of the 11th IAAF World Championships in Athletics,

Osaka 2007 to strengthen the Coca-Cola brand and boost sales performance through advertising and sales promotions. In mineral water, we worked to expand both sales and market share with the release of Minaqua to tap this fast-growing market.

Furthermore, in order to ensure continued growth of the Coca-Cola business, in partnership with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd. we pushed ahead with initiatives such as top-level management meetings and marketing forums and a collaborative project to improve the sales system.

As a result of these efforts, the Manufacturing and Marketing of Beverages & Foods segment reported a 24.8% increase in revenues to ¥397,236 million before the elimination of intersegment transactions. Operating income was ¥26,640 million, an increase of 24.5%.

Other Businesses

Major businesses in this segment are the manufacture of processed foods, production and sale of alcoholic beverages, insurance agency, leasing, real estate, and restaurants and retail businesses.

As a result of the operational integration on July 1, 2006, the segment added companies engaged in motor vehicle repair and maintenance, real estate and restaurants and retail. However, in order to focus business resources on the soft drinks business we sold all shares of Seiko Corporate Japan Co., Ltd., which is engaged in motor vehicle repair and maintenance.

As a result, the segment recorded an increase in revenues of 29.6% to ¥12,659 million before the elimination of intersegment transactions. Operating income jumped 45.8% to ¥675 million.

Please note that effective from the fiscal year under review, the segment business makeup has changed. Figures for the previous fiscal year have been restated based on the new segment business makeup for the purpose of year-on-year comparisons.

Outlook

For fiscal 2008, we are expecting consolidated net revenues to increase 3.8% year on year to ¥425.0 billion. Operating income is expected to rise 5.9% to ¥17.0 bil-

lion. The forecast for recurring income is ¥18.5 billion, up 5.8%. Net income is projected at ¥10.1 billion, a 7.7% increase year on year.

Financial Position

Compared to the end of the previous fiscal year, total assets increased ¥10,765 million, or 3.5%, to ¥315,672 million.

Current assets increased ¥13,046 million, or 16.7%. The change was mainly attributable to an ¥8,739 million, or 81.9%, increase in marketable securities due to the short-term investment of funds from operating activities.

In property, plant and equipment, we changed the way we depreciate vending machines to the straight line method after examining a more appropriate method of allocating expenses than the previously used declining balance method. Furthermore, following revisions to the income tax law, property, plant and equipment other than buildings (excluding building fixtures) are being depreciated according to the revised income tax law.

Investment securities increased ¥2,517 million, or 4.7%, year on year. This was primarily due to a ¥10.8 billion investment in Minami Kyushu Coca-Cola Bottling Co., Ltd.

Advanced payments for retirement expenses increased ¥2,326 million, or 22.4%, in line with contributions to the corporate pension fund.

Current liabilities increased ¥11,667 million, or 38.3%. This was largely as a result of a ¥10.5 billion increase in short-term debt from banks due to the borrowing of funds to purchase shares in Minami Kyushu Coca-Cola Bottling.

Long-term debt was erased as a result of repayment of Kinki CCBC's long-term debt.

Net unrealized gains on other marketable securities decreased ¥1,115 million, or 69.6%, as a result of depreciation in the market value of securities held.

Net assets rose ¥3,561 million, or 1.4%, to ¥254,025 million. The equity ratio fell by 1.6 percentage points from 82.1% to 80.5%. Net assets per share rose around 1% from ¥2,358.05 to ¥2,391.83.

Cash Flows

Cash Flows From Operating Activities

Operating activities provided net cash of ¥33,000 million, up ¥11,193 million, or 51.3%, year on year.

Factors included an increase due to the expanded scale (sales area) following the operational integration with Kinki CCBC in July 2006.

Cash Flows From Investing Activities

Investing activities used net cash of ¥23,306 million, an increase of ¥8,349 million, or 55.8%, year on year.

The main factor for this large increase was a ¥10,829 million outflow for subscription to an April 3, 2007 private placement of shares by neighboring Minami Kyushu Coca-Cola Bottling, with whom the Company entered into a capital and business alliance. This bottler was made an equity-method affiliate as a result.

Cash Flows From Financing Activities

Financing activities provided net cash of ¥3,586 million, ¥12,830 million more than the net cash used in the previous year.

This was largely attributable to the borrowing of ¥10.5 billion from banks to finance the aforementioned purchase of shares in Minami Kyushu Coca-Cola Bottling.

As a result of the above, cash and cash equivalents at end of year stood at ¥35,564 million, an increase of ¥13,280 million, or 59.6%, compared to a year earlier.

Consolidated Balance Sheets

(As of December 31, 2005, 2006 and 2007)

	2005	2006	(Millions of yen) 2007	(Thousands of U.S. dollars)*1 2007
ASSETS				
Current assets:				
Cash and deposits	¥ 13,101	¥ 16,311	¥ 19,567	\$ 173,744
Trade notes and accounts receivable	11,994	22,280	23,064	204,795
Marketable securities	7,706	10,668	19,407	172,323
Inventories	7,169	11,778	11,721	104,076
Deferred tax assets	728	2,200	2,143	19,029
Other current assets	10,040	15,031	15,420	136,921
Allowance for doubtful accounts	(67)	(97)	(103)	(915)
Total current assets	50,673	78,173	91,220	809,980
Fixed assets:				
Property, plant and equipment:				
Buildings and structures	18,856	35,617	35,192	312,484
Machinery, equipment and vehicles	13,981	20,134	20,181	179,196
Sales equipment	15,253	30,857	27,285	242,275
Land	34,369	57,366	56,709	503,543
Construction in progress	425	56	672	5,967
Other property, plant and equipment	1,398	2,211	1,992	17,688
Total property, plant and equipment	84,285	146,243	142,033	1,261,170
Intangible assets	2,925	5,730	4,719	41,902
Investments and other assets:				
Investment securities	60,348	53,277	55,794	495,418
Deferred tax assets	862	4,703	3,596	31,930
Advanced payments for retirement expenses	6,746	10,406	12,732	113,053
Other assets	3,111	6,967	6,147	54,582
Allowance for doubtful accounts	(241)	(594)	(572)	(5,079)
Total investments and other assets	70,826	74,760	77,698	689,913
Total fixed assets	158,038	226,734	224,452	1,993,003
Total assets	¥208,711	¥304,907	¥315,672	\$2,802,983

*1 U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.62=US\$1.00, the prevailing exchange rate on December 28, 2007.

			(Millions of yen)	(Thousands of U.S. dollars)*1
	2005	2006	2007	2007
LIABILITIES				
Current liabilities:				
Trade notes and accounts payable	¥ 2,809	¥ 3,828	¥ 5,222	\$ 46,368
Short-term debt	–	–	10,500	93,234
Current portion of long-term debt	–	2,300	2,000	17,759
Accrued income taxes	2,166	2,674	3,270	29,036
Other accounts payable	7,787	13,866	13,638	121,097
Notes payable for equipment	183	702	87	773
Other current liabilities	4,833	7,059	7,380	65,530
Total current liabilities	17,780	30,431	42,099	373,815
Long-term liabilities:				
Long-term debt	–	2,000	–	–
Deferred tax liabilities	9,785	11,122	9,040	80,270
Allowance for employees' retirement benefits	2,768	4,770	5,180	45,995
Liabilities for directors' and corporate auditors' retirement benefits	206	249	65	577
Goodwill on consolidation	48	–	–	–
Negative goodwill	–	1,867	1,452	12,893
Other long-term liabilities	120	4,002	3,809	33,822
Total long-term liabilities	12,929	24,012	19,548	173,575
Total liabilities	30,709	54,444	61,647	547,390
NET ASSETS				
Shareholders' equity:				
Common stock	–	15,231	15,231	135,242
Additional paid-in capital	–	109,072	109,074	968,514
Retained earnings	–	135,623	140,432	1,246,954
Treasury stock (at cost)	–	(11,229)	(11,271)	(100,080)
Total shareholders' equity	–	248,697	253,467	2,250,639
Valuation and translation adjustments:				
Net unrealized gains on other marketable securities	–	1,604	488	4,333
Gain on deferred hedges	–	106	4	36
Total valuation and translation adjustments	–	1,710	492	4,369
Minority interests	–	54	64	568
Total net assets	–	250,463	254,025	2,255,594
Total liabilities and net assets	–	¥304,907	¥315,672	\$2,802,983
MINORITY INTERESTS				
Minority interests	4,394	–	–	–
SHAREHOLDERS' EQUITY				
Common stock	15,231	–	–	–
Capital surplus	35,399	–	–	–
Retained earnings	131,982	–	–	–
Net unrealized gains on other marketable securities	2,437	–	–	–
Treasury stock (at cost)	(11,442)	–	–	–
Total shareholders' equity	173,608	–	–	–
Total liabilities, minority interests and shareholders' equity	¥208,711	–	–	–

Consolidated Statements of Income

(Years ended December 31, 2005, 2006 and 2007)

	(Millions of yen)			(Thousands of U.S. dollars)*1
	2005	2006	2007	2007
Net revenues	¥245,874	¥327,821	¥409,521	\$3,636,308
Cost of goods sold	138,351	186,265	234,313	2,080,563
Gross profit	107,523	141,556	175,208	1,555,745
Selling, general and administrative expenses . . .	95,693	129,235	159,151	1,413,168
Operating income	11,830	12,321	16,056	142,568
Non-operating income	1,183	1,836	2,433	21,604
Interest income	339	399	427	3,792
Dividends	160	248	269	2,389
Amortization of negative goodwill	–	256	414	3,676
Equity in earnings of affiliates	36	–	602	5,345
Property rental income	224	110	149	1,323
Other non-operating income	422	822	569	5,052
Non-operating expenses	758	932	996	8,844
Interest expenses	–	38	114	1,012
Equity in loss of affiliates	–	18	–	–
Loss on disposal of property, plant and equipment	362	593	586	5,203
Property rental costs	95	38	56	497
Other non-operating expenses	300	242	238	2,113
Recurring income	12,256	13,225	17,493	155,328
Extraordinary income	2,045	1,569	671	5,958
Gain on sales of property, plant and equipment . .	117	954	277	2,460
Gain on sales of investment securities	62	586	57	506
Proceeds from government assistance grants . . .	53	28	336	2,983
Compensation for expropriations	121	–	–	–
Amortization of actuarial difference from return of trust for retirement benefits	1,689	–	–	–
Extraordinary losses	2,100	1,686	3,910	34,719
Loss on sales of property, plant and equipment . .	66	95	–	–
Impairment loss	208	–	282	2,504
Loss from earthquake damage	61	–	–	–
Loss from typhoon damage	–	48	–	–
Loss on disposals of property, plant and equipment	11	–	–	–
Compensation for retirement of fixed assets	372	120	289	2,566
Loss on sales of investment securities	–	60	–	–
Write-down of investment securities	93	19	2,252	19,996
Write-down of golf club memberships	–	–	57	506
Expense for change of subsidiary name	33	–	–	–
Expense for compatibility with new currency	1,103	–	–	–
Additional collection of liquor taxes	149	–	–	–
Expense related to integration of operational management	–	1,131	–	–
Group restructuring expenses	–	–	279	2,477
Expense for earthquake precautions	–	74	555	4,928
Quality problem countermeasure losses	–	137	193	1,714
Income before income taxes, minority interests and other adjustments	12,201	13,108	14,254	126,567
Income taxes	3,222	3,237	5,034	44,699
Income tax deferred	1,632	2,389	(167)	(1,483)
Minority interests	40	(89)	12	107
Net income	¥ 7,305	¥ 7,570	¥ 9,375	\$ 83,245

*1 U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.62=US\$1.00, the prevailing exchange rate on December 28, 2007.

Consolidated Statements of Changes in Shareholders' Equity

(Years ended December 31, 2005, 2006 and 2007)

(Millions of yen)

2006	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock (at cost)	Total shareholders' equity	Net unrealized gains on other marketable securities	Gain (loss) on deferred hedges	Total valuation and translation adjustments		
Balance as of December 31, 2005 . .	¥15,231	¥ 35,399	¥131,982	¥(11,442)	¥171,171	¥2,437	-	¥2,437	¥ 4,394	¥178,002
Changes during the consolidated fiscal year										
Issue of new stock	-	73,672	-	-	73,672	-	-	-	-	73,672
Distribution of dividends	-	-	(3,867)	-	(3,867)	-	-	-	-	(3,867)
Net income	-	-	7,570	-	7,570	-	-	-	-	7,570
Bonus to directors and corporate auditors	-	-	(46)	-	(46)	-	-	-	-	(46)
Acquisition of treasury stock	-	-	-	(148)	(148)	-	-	-	-	(148)
Cancellation of treasury stock	-	-	(15)	361	345	-	-	-	-	345
Net changes in items other than shareholders' equity during the fiscal year	-	-	-	-	-	(832)	¥106	(726)	(4,339)	(5,065)
Total changes during the fiscal year . .	-	73,672	3,641	212	77,526	(832)	106	(726)	(4,339)	72,460
Balance as of December 31, 2006 . .	¥15,231	¥109,072	¥135,623	¥(11,229)	¥248,697	¥1,604	¥106	¥1,710	¥ 54	¥250,463

(Millions of yen)

2007	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock (at cost)	Total shareholders' equity	Net unrealized gains on other marketable securities	Gain (loss) on deferred hedges	Total valuation and translation adjustments		
Balance as of December 31, 2006 . .	¥15,231	¥109,072	¥135,623	¥(11,229)	¥248,697	¥1,604	¥ 106	¥ 1,710	¥54	¥250,463
Changes during the consolidated fiscal year										
Distribution of dividends	-	-	(4,566)	-	(4,566)	-	-	-	-	(4,566)
Net income	-	-	9,375	-	9,375	-	-	-	-	9,375
Acquisition of treasury stock	-	-	-	(56)	(56)	-	-	-	-	(56)
Cancellation of treasury stock	-	2	-	14	16	-	-	-	-	16
Net changes in items other than shareholders' equity during the fiscal year	-	-	-	-	-	(1,115)	(102)	(1,218)	9	(1,208)
Total changes during the fiscal year . .	-	2	4,809	(41)	4,769	(1,115)	(102)	(1,218)	9	3,561
Balance as of December 31, 2007 . .	¥15,231	¥109,074	¥140,432	¥(11,271)	¥253,467	¥ 488	¥ 4	¥ 492	¥64	¥254,025

(Thousands of U.S. dollars)*1

2007	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock (at cost)	Total shareholders' equity	Net unrealized gains on other marketable securities	Gain (loss) on deferred hedges	Total valuation and translation adjustments		
Balance as of December 31, 2006 . .	\$135,242	\$968,496	\$1,204,253	\$(99,707)	\$2,208,284	\$14,243	\$ 941	\$ 15,184	\$479	\$2,223,966
Changes during the consolidated fiscal year										
Distribution of dividends	-	-	(40,543)	-	(40,543)	-	-	-	-	(40,543)
Net income	-	-	83,245	-	83,245	-	-	-	-	83,245
Acquisition of treasury stock	-	-	-	(497)	(497)	-	-	-	-	(497)
Cancellation of treasury stock	-	18	-	124	142	-	-	-	-	142
Net changes in items other than shareholders' equity during the fiscal year	-	-	-	-	-	(9,909)	(906)	(10,815)	89	(10,726)
Total changes during the fiscal year . .	-	18	42,701	(372)	42,354	(9,909)	(906)	(10,815)	89	31,628
Balance as of December 31, 2007 . .	\$135,242	\$968,514	\$1,246,954	\$(100,080)	\$2,250,639	\$ 4,333	\$ 36	\$ 4,369	\$568	\$2,255,594

*1 U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.62=US\$1.00, the prevailing exchange rate on December 28, 2007.

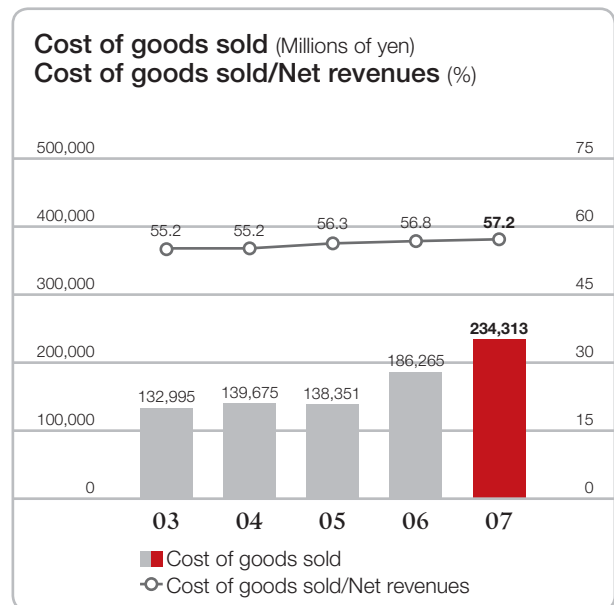
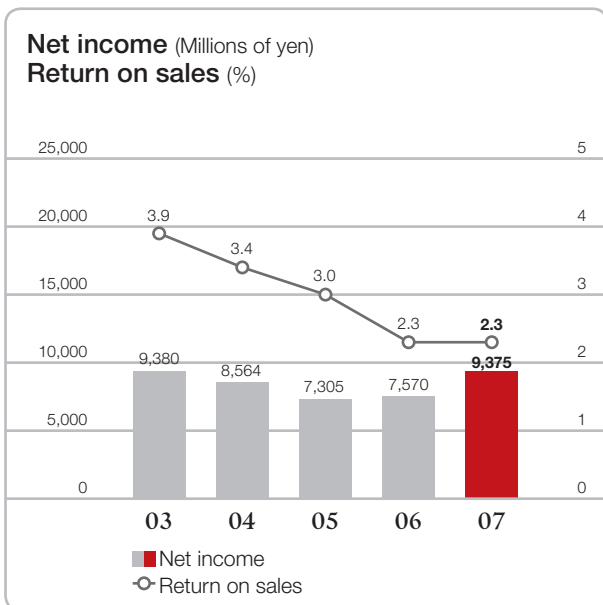
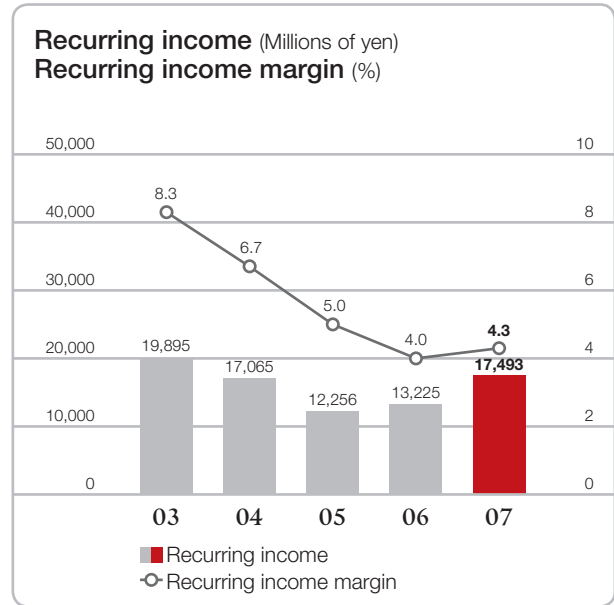
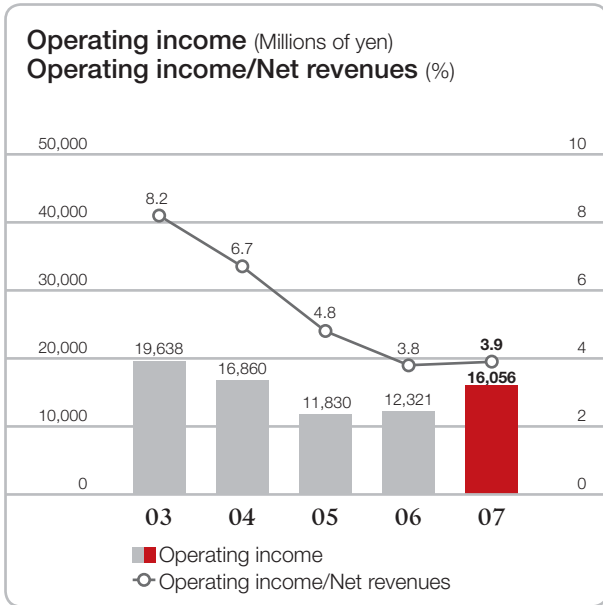
Consolidated Statements of Cash Flows

(Years ended December 31, 2005, 2006 and 2007)

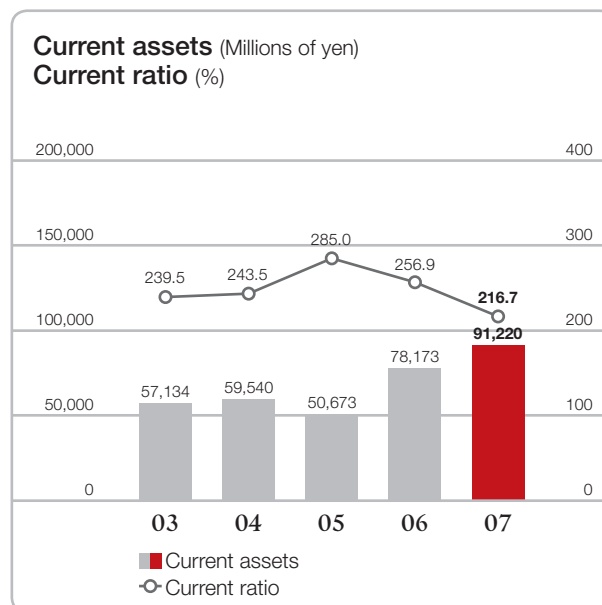
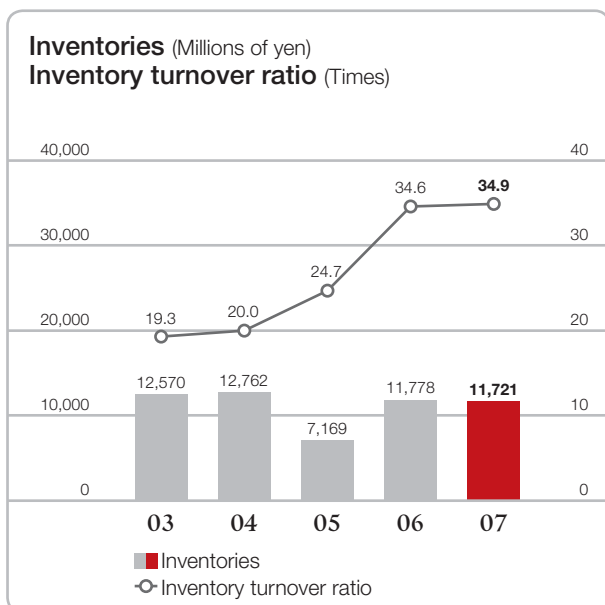
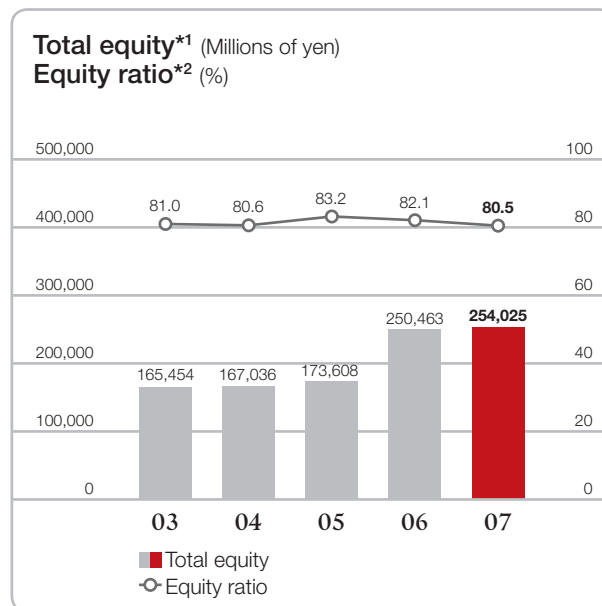
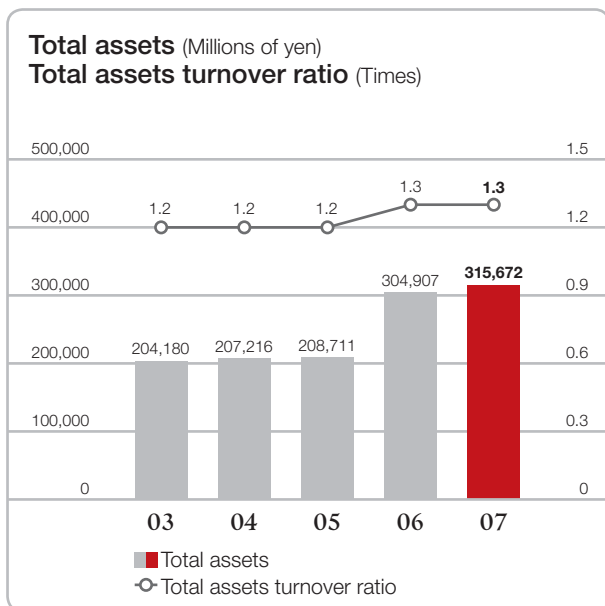
			(Millions of yen)	(Thousands of U.S. dollars)* ¹
	2005	2006	2007	2007
Cash flows from operating activities:				
Income before income taxes, minority interests and other adjustments	¥12,201	¥13,108	¥14,254	\$126,567
Depreciation and amortization	13,860	19,571	22,533	200,080
Impairment gains	208	–	282	2,504
Write-off of consolidation adjustment account	83	–	–	–
Amortization of negative goodwill	–	(256)	(414)	(3,676)
Decrease in liabilities for directors' and corporate auditors' retirement benefits	(139)	(115)	(181)	(1,607)
Increase (decrease) in liabilities for retirement benefits	(378)	104	410	3,641
Increase (decrease) in advanced payments for retirement expenses	1,002	(3,660)	(2,326)	(20,654)
Increase in investment securities from return of trust for retirement benefits	(4,644)	–	–	–
Interest and dividend income	(500)	(647)	(696)	(6,180)
Interest expense	–	38	114	1,012
Equity in earnings (losses) of affiliates	(36)	18	(602)	(5,345)
Loss on sales of marketable and investment securities	(32)	(577)	(52)	(462)
Write-down of marketable and investment securities	93	19	2,252	19,996
Loss on sales of fixed assets	(38)	(850)	(265)	(2,353)
Loss on disposals of fixed assets	394	448	564	5,008
Increase (decrease) in accounts receivable	1,675	827	(828)	(7,352)
Decrease in inventories	5,592	193	56	497
Increase (decrease) in other assets	(2,001)	(1,711)	1,196	10,620
Increase (decrease) in accounts payable	(5,082)	(3,027)	1,407	12,493
Decrease (increase) in other liabilities	(1,020)	949	(553)	(4,910)
Payment of directors' bonuses	(38)	(46)	–	–
Other, net	(84)	(234)	145	1,288
Subtotal	21,113	24,153	37,297	331,176
Interest and dividends received	480	638	738	6,553
Interest paid	–	(37)	(115)	(1,021)
Income taxes paid	(4,985)	(2,949)	(4,920)	(43,687)
Net cash provided by operating activities	16,607	21,806	33,000	293,021
Cash flows from investing activities:				
Acquisition of marketable and investment securities	(6,023)	(2,876)	(53)	(471)
Proceeds from sales of marketable and investment securities	3,030	8,420	6,239	55,399
Acquisition of fixed assets	(15,642)	(23,327)	(20,238)	(179,702)
Proceeds from sales of fixed assets	3,163	3,392	1,947	17,288
Acquisition of shares of subsidiaries	–	(652)	–	–
Acquisition of shares of affiliates	–	–	(11,016)	(97,816)
Proceeds from collection of loans to affiliates	62	63	–	–
Long-term loans	–	–	(202)	(1,794)
Proceeds from collection of long-term loans	–	–	17	151
Increase in time deposits	(0)	(20)	(40)	(355)
Proceeds from refund of time deposits	150	30	38	337
Other, net	3	14	2	18
Net cash used in investing activities	(15,256)	(14,956)	(23,306)	(206,944)
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings	–	(3,410)	10,495	93,189
Repayment of long-term debt	(203)	(2,223)	(2,300)	(20,423)
Payments for acquisition of treasury stock	(14)	(73)	(56)	(497)
Proceeds from sales of treasury stock	439	345	16	142
Dividends paid	(3,106)	(3,867)	(4,566)	(40,543)
Dividends paid to minority interests	(15)	(15)	(2)	(18)
Net cash used in (provided by) financing activities	(2,901)	(9,244)	3,586	31,842
Net increase (decrease) in cash and cash equivalents	(1,549)	(2,394)	13,280	117,919
Cash and cash equivalents, beginning of year	21,788	20,238	22,284	197,869
Increase in cash and cash equivalents due to change in scope of consolidation	–	4,440	–	–
Cash and cash equivalents at end of year	¥20,238	¥22,284	¥35,564	\$315,788

*¹ U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.62=US\$1.00, the prevailing exchange rate on December 28, 2007.

Financial Data



	2003	2004	2005	2006	2007
Operating income	19,638	16,860	11,830	12,321	16,056
Operating income/Net revenues (%)	8.2	6.7	4.8	3.8	3.9
Recurring income	19,895	17,065	12,256	13,225	17,493
Recurring income margin (%)	8.3	6.7	5.0	4.0	4.3
Net income	9,380	8,564	7,305	7,570	9,375
Return on sales (%)	3.9	3.4	3.0	2.3	2.3
Cost of goods sold	132,995	139,675	138,351	186,265	234,313
Cost of goods sold/Net revenues (%)	55.2	55.2	56.3	56.8	57.2



	2003	2004	2005	2006	2007
Total assets	204,180	207,216	208,711	304,907	315,672
Total assets turnover ratio (Times)	1.2	1.2	1.2	1.3	1.3
Total equity*1	165,454	167,036	173,608	250,463	254,025
Equity ratio*2 (%)	81.0	80.6	83.2	82.1	80.5
Inventories	12,570	12,762	7,169	11,778	11,721
Inventory turnover ratio (Times)	19.3	20.0	24.7	34.6	34.9
Current assets	57,134	59,540	50,673	78,173	91,220
Current ratio (%)	239.5	243.5	285.0	256.9	216.7

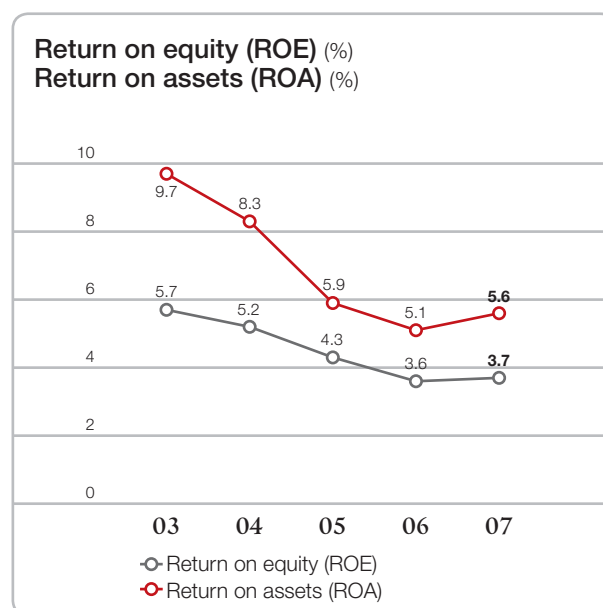
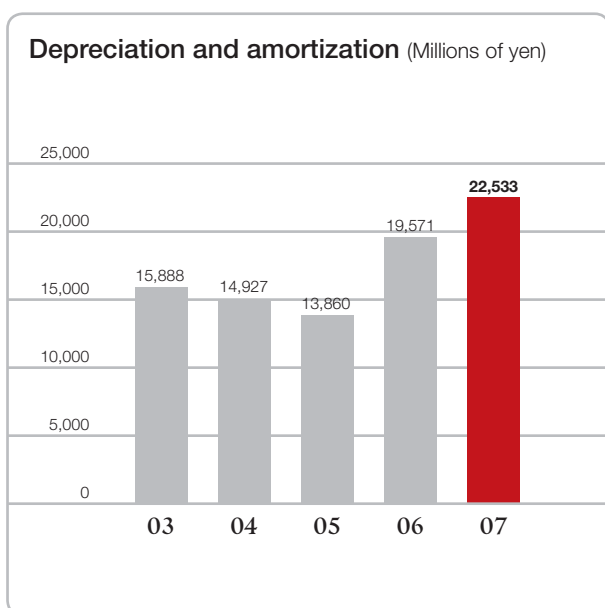
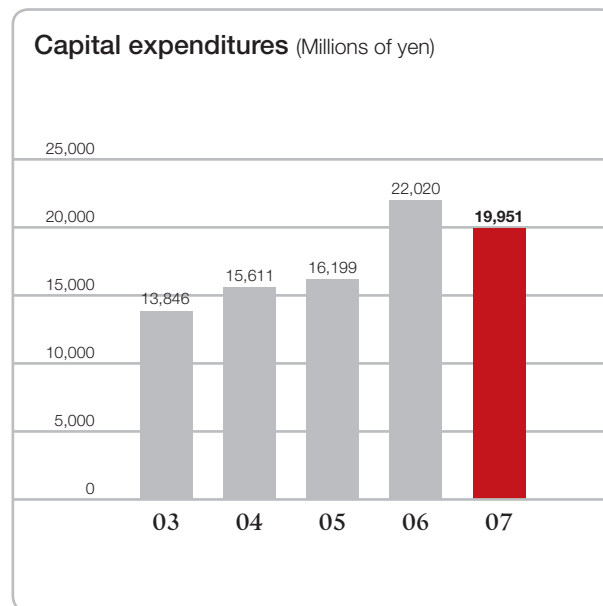
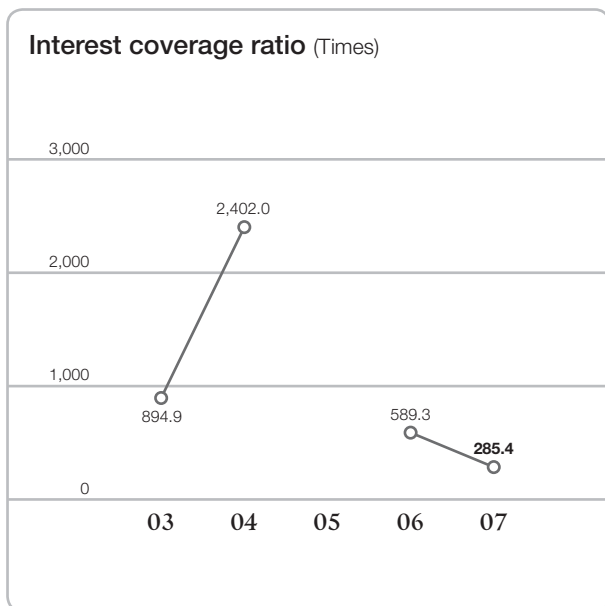
Total assets turnover ratio = Net revenues / The average of assets at the beginning and end of the fiscal period

*1 Until fiscal 2005, Shareholders' equity; from fiscal 2006, Total equity = Shareholders' equity + Valuation and translation adjustments

*2 Until fiscal 2005, Shareholders' equity ratio = Shareholders' equity / Total assets; from fiscal 2006, Equity ratio = Total equity / Total assets

Inventory turnover ratio = Net revenues / The average of inventory taken at the beginning and end of the fiscal period

Current ratio = Current assets / Current liabilities



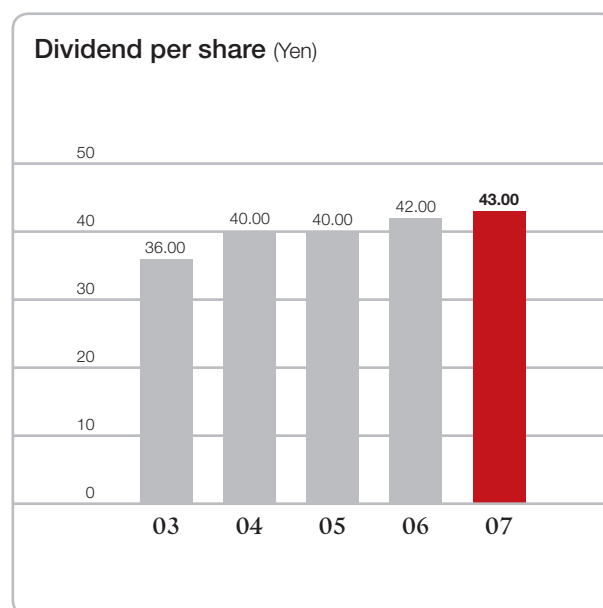
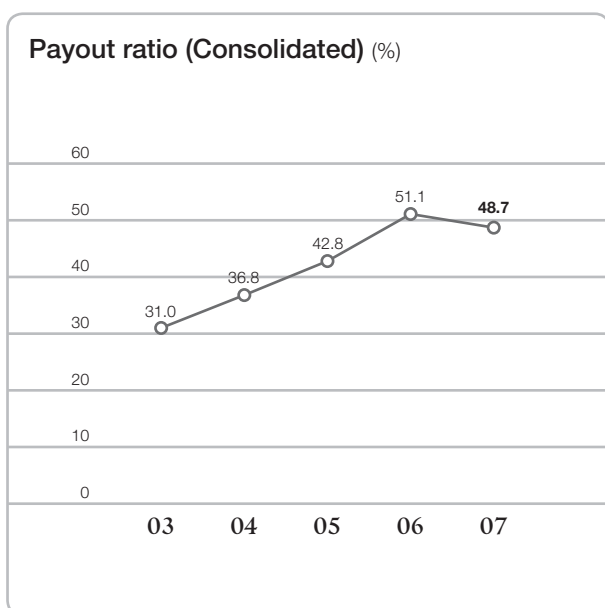
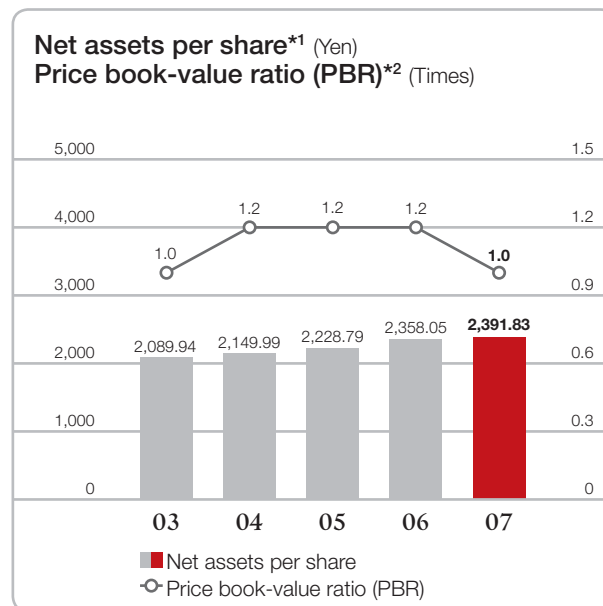
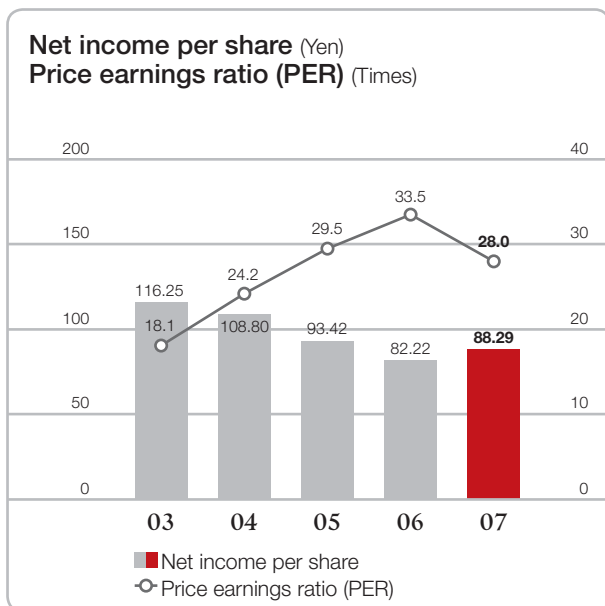
	2003	2004	2005	2006	(Millions of yen) 2007
Interest coverage ratio (Times)	894.9	2,402.0	-	589.3	285.4
Capital expenditures	13,846	15,611	16,199	22,020	19,951
Depreciation and amortization	15,888	14,927	13,860	19,571	22,533
Return on equity (ROE) (%)	5.7	5.2	4.3	3.6	3.7
Return on assets (ROA) (%)	9.7	8.3	5.9	5.1	5.6

Interest coverage ratio = Operating cash flow / Interest paid

(This calculation uses net cash provided by operating activities and interest paid from the Consolidated Statements of Cash Flows for operating cash flow and interest payments, respectively.)

Return on equity (ROE) = Net income / The average of shareholders' equity at the beginning and end of the fiscal period

Return on assets (ROA) = Recurring income / The average of assets at the beginning and end of the fiscal period



	2003	2004	2005	2006	2007
Net income per share	116.25	108.80	93.42	82.22	88.29
Price earnings ratio (PER) (Times)	18.1	24.2	29.5	33.5	28.0
Net assets per share*1	2,089.94	2,149.99	2,228.79	2,358.05	2,391.83
Price book-value ratio (PBR)*2 (Times)	1.0	1.2	1.2	1.2	1.0
Payout ratio (Consolidated) (%)	31.0	36.8	42.8	51.1	48.7
Dividend per share	36.00	40.00	40.00	42.00	43.00

Net income per share = Net income / The average number of shares during the period

Price earnings ratio (PER) = Market value at the end of the period / Net income per share

*1 Until fiscal 2005, Shareholders' equity per share = Shareholders' equity / The number of shares outstanding at the end of the period; from fiscal 2006, Net assets per share = Net assets / The number of shares outstanding at the end of the period

*2 Until fiscal 2005, Price book-value ratio (PBR) = Market value at the end of the period / Shareholders' equity per share; from fiscal 2006, Price book-value ratio (PBR) = Market value at the end of the period / Net assets per share

Business results and other aspects of the Company's operations mentioned in this annual review are subject to a variety of risks. Those risks deemed most likely to have a significant impact on potential investment decisions are found below. The Coca-Cola West Group (CCWG) is fully aware of the possibility of these risks and thus works to avoid them or deal effectively with them should they arise. Statements herein regarding future events or assumptions reflect the judgment of CCWG as of March 25, 2008.

(1) Business agreements with The Coca-Cola Company of the United States and Coca-Cola (Japan) Co., Ltd.

CCWH conducts business activities based on a manufacturing licensing agreement with The Coca-Cola Company, Coca-Cola (Japan) Co., Ltd. and Coca-Cola National Beverages Co., Ltd. (CCNBC), and a distribution licensing agreement with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd.

(2) Business ties with CCNBC

CCWH has an equity interest in CCNBC, a company established to consolidate and oversee procurement, manufacturing and distribution operations nationwide for the Coca-Cola Group in Japan, and to build an optimal nationwide supply chain structure, thereby reducing costs. CCNBC's operations are conducted in partnership with CCWH and other Coca-Cola bottlers across Japan. The future progress and status of cost-cutting plans of CCNBC could potentially impact the operating results of CCWG.

(3) Quality assurance

Beverages are the core product of CCWG. The Group makes every effort to raise employee awareness regarding quality and implements programs aimed at preventing incidents concerning quality in order to offer its customers (consumers) high-quality and reliable beverages. Nevertheless, in the event of an incident related to product quality, the Company's brand image could be tarnished, irrespective of whether or not CCWG was actually at fault. An incident of this nature could adversely affect the operating results of CCWG.

(4) The soft drink industry

① Market competitiveness

Sales of beverages, CCWG's core products, are readily influenced by changes in customer (consumer) preference. In a beverage market of this kind, CCWG strives to continuously offer appealing products and services. Nevertheless, failure to amply forecast market changes could potentially affect the operating results of CCWG.

② Impact of weather-related factors

Weather conditions tend to have an effect on the sales of beverages, CCWG's core products. Cool summers or warm winters, for example, often have a significant impact on customer (consumer) demand. Although CCWG makes every effort to minimize the influence of weather-related factors on sales, the Group offers no guarantee that it can completely eliminate the effect of such factors.

(5) Impact of economic conditions

① Trends in personal consumption

Sales of beverages, CCWG's core products, are closely linked to trends in personal consumption. A sudden decline in personal consumption due to worsened economic conditions, however, could adversely affect the operating results of CCWG.

② Fluctuations in asset value

Fluctuations in the value of land, marketable securities and other assets owned by CCWG could potentially impact the Group's operating results and financial position. Marketable securities with a fair value, for example, are subject to changes in fair market value in capital markets because that is how they are valued.

(6) Public regulations

CCWG's Manufacturing and Marketing of Beverages & Foods segment is subject to a number of regulations in Japan, including the Act Against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act) and the Food Sanitation Law. The Group fully complies with these and all other regulations in its commitment to providing safe and reliable products. Accordingly, tougher regulations, for example, might incur new compliance costs, which could potentially affect the operating results of CCWG.

(7) Management of personal information

CCWG holds large volumes of personal information. In handling this information, the Group works on a unified basis to formulate and adhere to related guidelines and implement ongoing training and educational activities. However, an external leak of personal information could lead to a deterioration of trust in CCWG and potentially impact the operating results of CCWG.

(8) Impact of disasters

CCWG has a system in place to minimize the effects of power outages, as well as other scenarios for which assumptions must be made, on its business operations. Typhoons, earthquakes and other natural disasters, however, could trigger conditions that exceed these assumptions. Conditions of this magnitude could potentially impact the operating results and financial position of CCWG.

CCWH's fundamental stance on corporate governance is to maximize shareholder value by improving management efficiency and transparency.

(1) Corporate Governance System

① Status of Related Internal Bodies

• Corporate Auditor System or Company With Committees System

CCWH adopted the Corporate Auditor system in accordance with its decision to separate decision-making and management oversight from business execution through a restructuring of the Board of Directors and the adoption of the corporate executive officer system in March 1999. In April 2007, the corporate executive officer system was extended across the Group in the interests of increasing the efficiency of Group management and speeding up decision-making.

Furthermore, in March 2006, in order to clarify the roles and responsibilities of directors in each fiscal year and to establish a management structure capable of rapid responses to changes in business conditions, the Group shortened the term of office of directors from two years to one year.

• Number of Directors

The Company's articles of incorporation stipulate that there shall be a maximum of 15 directors.

• Requirements for Electing Directors

The Company's articles of incorporation stipulate that election of directors shall be by a majority of votes, where shareholders holding at least one-third of the voting rights of shareholders that can exercise voting rights are in attendance. Resolution for election of directors shall not be made by cumulative voting.

• Outside Directors and Corporate Auditors

At present, two of CCWH's eight directors and four of its five corporate auditors are from outside the Group.

The Company has concluded with one outside director and three outside corporate auditors agreements limiting liability in case of neglect of duty, based on the provisions of Article 427, Paragraph 1 of the Company Law. Under these agreements, liability is limited to the minimum amount permissible under the law.

• Acquisition of Treasury Stocks

The Company's articles of incorporation stipulate that the Company may, by a resolution of the Board of Directors and without seeking shareholder approval, buy back its own shares on the market, pursuant to the provisions of Article 165, Paragraph 2 of the Company Law. The Board of Directors has been authorized to repurchase Company shares with the aim of allow-

ing them to execute a flexible capital structure policy according to changes in the business environment and in the interest of raising capital efficiency.

• Determination of Interim Dividends

The Company's articles of incorporation stipulate that the Company may, by a resolution of the Board of Directors and without seeking shareholder approval, determine interim dividends, as prescribed by Article 454, Paragraph 5 of the Company Law. The Board of Directors has been authorized to determine interim dividends so that profits can be returned to shareholders when considered appropriate.

• Special Resolutions of the General Meeting of Shareholders

The Company's articles of incorporation stipulate that special resolutions of a general meeting of shareholders, provided for in Article 309, Paragraph 2 of the Company Law, shall be adopted by an affirmative vote of at least two-thirds of votes, where shareholders holding not less than one-third of the voting rights of shareholders that can exercise voting rights are in attendance. This is to ensure the smooth running of general meetings of shareholders by enabling a quorum to pass special resolutions.

• Overview of Committees

In July 2006, the Company established the Management Advisory Committee as an internal body of the Board of Directors. This committee allows appropriate advice to be given by experts with the goals of improving the efficiency and transparency of management and increasing shareholder value. The committee is responsible for advising on matters concerning candidates for director and corporate auditor positions and directors' and corporate auditors' remuneration as well as important strategic and other matters related to the general management of the Group.

• Support for Outside Appointments

Outside directors are supported by the General Affairs Group, while outside corporate auditors are supported by the Audit Group.

• Business Execution and Management Oversight

Outside appointments comprise more than half the members of the Board of Corporate Auditors. This gives CCWH the capacity to sufficiently monitor the performance of duties by directors and also allows it to draw on independent third-party advice from external experts appointed as outside directors. Directors and corporate auditors also fully monitor how corporate officers execute business operations. This includes participating in meetings of the executive committee, which is made

up of corporate officers, as well as other key company meetings. When questions arise during the course of business execution, CCWH consults attorneys, CPAs and other specialists for advice on determining the best way to proceed.

② Risk Management System

CCWH has established the Coca-Cola West Group Risk Management Committee. The objective of this body is to minimize damage in the event of a crisis by preventing confusion within the Group and ensuring a rapid and appropriate response. The Group believes that compliance with all applicable laws and regulations, and the spirit in which they are written, is fundamental to its business activities, as is the proper observance of social norms and customary business practices. This belief is enshrined in a code of conduct created to encourage a compliance mindset among all Group corporate officers and employees.

③ Audit System

• Participating Personnel and Organizations

CCWH aims to comply with corporate rules and regulations, carry out appropriate corporate activities and operational management, and protect its assets. To help it achieve these goals, CCWH has established an Audit Group within the Internal Audit Department. The group has 11 members and reports directly to the CEO.

Corporate auditors attend meetings of the Board of Directors, executive committee and other important Company meetings. They also meet a representative director on a regular basis and examine the results of audits performed by the Audit Group. Using these and other methods, corporate auditors monitor the executive actions of directors and executive officers in accordance with relevant laws and regulations, the Company's own articles of incorporation and internal auditing standards.

The Audit Group carries out prior discussions with corporate auditors concerning its auditing policy and plans for each fiscal year. Corporate auditors also receive reports about the results of audits of the Audit Group as needed. In addition, at the start of the fiscal year, the Company's independent auditor provides the corporate auditors with an explanation of its audit plans, and as needed, supplies information and reports to the auditors during and at the end of the audit process.

• Independent Auditor and Related Personnel

CCWH has appointed KPMG AZSA & Co. as its independent auditor. The names of the firm's certified public accountants (engagement and management part-

ners) that audit the Company's financial statements are listed as follows.

Name	Auditing Experience
Tetsuzo Hamashima	3 years
Masafumi Tanabe	1 year

The auditing team has eight additional members including four CPAs and two assistant CPAs.

④ Director and Corporate Auditor Remuneration

Remuneration paid to directors and corporate auditors for the year under review was as follows.

Position	Individuals	Total Remuneration
Directors (Notes 1 and 2) (Outside Directors)	8 (2)	¥111 million (¥11 million)
Corporate Auditors (Note 3) (Outside Corporate Auditors)	5 (4)	¥56 million (¥31 million)
Total (Note 4) (Outside Appointments)	13 (6)	¥167 million (¥43 million)

- (Notes) 1. In addition to the above, the 6 directors of the Company who are not outside directors, received ¥115 million in remuneration from subsidiaries where they serve concurrently as directors or corporate auditors.
2. Maximum monthly remuneration for directors was set at ¥25 million by a resolution of the general meeting of shareholders on March 22, 1991.
3. Maximum monthly remuneration for corporate auditors was set at ¥7 million by a resolution of the general meeting of shareholders on March 25, 1994.
4. The retirement benefits system for directors and corporate auditors was abolished by a resolution of the general meeting of shareholders on March 24, 2006. In accordance with the resolution, it was resolved to make terminal payments of retirement benefits to the 10 incumbent directors and 5 incumbent corporate auditors of ¥117 million and ¥19 million, respectively, for the time they served in their position through to the close of that general meeting of shareholders. Said payment is to be made after retirement.

⑤ Audit Fees

The Company paid ¥97 million in fees to the independent auditor KPMG AZSA & Co. for services relevant to the year under review. Of that amount, ¥55 million was for services pursuant to Article 2-1 of the Certified Public Accountant Law.

(2) Conflicts of Interest

One of the Company's two outside directors is a representative of a company that has a business relationship with CCWH. The other outside director is a representative of a business partner that the Company treats as an equity-method affiliate for accounting purposes.

One of the Company's four outside corporate auditors is a representative of a partner financial institution. The remaining three outside corporate auditors have no conflicts of interest with the Company.

Management

(As of April 1, 2008)

Directors

Representative Director	Norio Sueyoshi	CEO
Director	Tadatsugu Harada	Representative Director & President, Coca-Cola West Japan Co., Ltd.
Director	Tamio Yoshimatsu	Representative Director & President, Kinki Coca-Cola Bottling Co., Ltd.
Director	Hijiri Morita	Vice President, Senior Officer
Director	Shigeki Ota	Director & Executive Corporate Officer, Kinki Coca-Cola Bottling Co., Ltd.
Director	Masamitsu Sakurai	Representative Director & Chairman, Ricoh Company, Ltd.
Director	Michael Coombs	Representative Director & Vice President, Coca-Cola (Japan) Company, Limited
Director	Koukichi Hombou	Representative Director & Chairman, Minami Kyushu Coca-Cola Bottling Co., Ltd.

Auditors

Executive Corporate Auditor	Yasumasa Niimi	Standing
Executive Corporate Auditor	Hiroshi Kanda	Standing
Corporate Auditor	Zenji Miura	Director & Executive Corporate Officer, Ricoh Company, Ltd.
Corporate Auditor	Katsumi Sasaki	Representative Director & Vice President, The Nishi-Nippon City Bank, Ltd.
Corporate Auditor	Yukiko Kyokane	Attorney, Representative of Kyokane Law Office

Corporate Officers

CEO	Norio Sueyoshi	
Vice President	Hijiri Morita	Senior Officer
Senior Corporate Officer	Shigejiro Sato	Business System Group Manager
Senior Corporate Officer	Akira Noguchi	Manufacturing facility, System Next Generation Model Project Manager
Senior Corporate Officer	Kazuaki Hisamatsu	Business Process Reengineering Project Manager
Corporate Officer	Yoshinori Nakamura	External Relations/Secretary Group Manager
Corporate Officer	Kiyoshi Fujiwara	Marketing Planning Group Manager
Corporate Officer	Yoshimitsu Yoshitani	Finance 3rd Office Manager, Finance Group
Corporate Officer	Kiyotaka Yamada	Finance 2nd Office Manager, Finance Group
Corporate Officer	Hidetoshi Shimizu	BS 1st Office Manager, Business System Group
Corporate Officer	Shigeki Okamoto	Corporate Planning Group Manager

Management Advisory Committee

Chairman	Masamitsu Sakurai	Representative Director & Chairman, Ricoh Company, Ltd.
Member	Masahiko Uotani	Director & Chairman, Coca-Cola (Japan) Company, Limited
Member	Shingo Matsuo	Representative Director & Chairman, Kyushu Electric Power Co., Inc.
Member	Kazuhiko Enomoto	Representative Director & Chairman, Fukuoka Jisho Co., Ltd.
		Representative Director & Chairman, Royal Holdings Co., Ltd.
Member	Toshiaki Hanawa	Representative Director & President, Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.
Member	Susumu Ishihara	Representative Director & President, Kyushu Railway Company
Member	Takashi Matsuzaki	Attorney, Tokunaga, Matsuzaki & Saito Law Office
Member	Eiji Muto	Director & Chairman, NTT Data Institute of Management Consulting, Inc.
Member	Kunio Ito	Professor, Hitotsubashi University
Member	Masakazu Morito	Adviser, Kinki Coca-Cola Bottling Co., Ltd.
Member	Michael Coombs	Representative Director & Vice President, Coca-Cola (Japan) Company, Limited

Corporate Data

(As of December 31, 2007)

- Company name: COCA-COLA WEST HOLDINGS COMPANY, LIMITED
- Offices: Head office 7-9-66 Hakozaki, Higashi-ku, Fukuoka, Japan
Fukuoka office 1-2-25 Sumiyoshi, Hakata-ku, Fukuoka, Japan
Osaka office 4-15-10 Nishitenma, Kita-ku, Osaka, Japan
- Established: December 20, 1960
- Paid-in capital: ¥15,231,000,000
- Employees: 8,420 (Consolidated), 268 (Non-consolidated)
- Fiscal year-end: December
- Principal businesses: Manufacture and sales of Coca-Cola and other soft drinks; management of Group companies, etc.

Stock Information

(As of December 31, 2007)

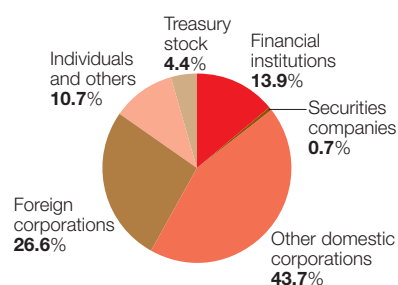
Stock code: 2579
 Authorized shares: 270,000,000
 Outstanding shares: 111,125,714
 Number of shareholders: 21,466
 Number of shares per trading unit: 100 shares
 Stock exchange listings:
 Tokyo Stock Exchange (First Section)
 Osaka Securities Exchange (First Section)
 Fukuoka Stock Exchange

Major shareholders:

Shareholders	Number of shares held (Thousands)	Percentage of shares (%)
Ricoh Company, Ltd.	16,792	15.9
Kirin Holdings Company, Limited	11,626	11.0
The New Technology Development Foundation	5,294	5.0
Coca-Cola Holdings West Japan, Inc.	4,074	3.9
Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.	3,912	3.7
Mellon Bank Treaty Clients Omnibus	3,759	3.6
The Nishi-Nippon City Bank, Ltd.	3,703	3.5
Japan Trustee Services Bank, Ltd. (Trust account)	3,162	3.0
Morgan Stanley & Company Inc.	2,944	2.8
CBNY UMB FUNDS	1,693	1.6

Note: The Company owns 4,947,000 shares of treasury stock. This shareholding is not shown in the table and has not been included in the calculation of voting rights (percentage of shares).

Number of shares held and percentage of shares held by shareholder category:



< Composition of shareholders >

	Number of shareholders	Number of shares (Thousands)
Financial institutions	67	15,421
Securities companies	32	741
Other domestic corporations	479	48,626
Foreign corporations	274	29,534
Individuals and others	20,613	11,853
Treasury stock	1	4,947
Total	21,466	111,125

Credit Rating Information

	2003	2004	2005	2006	2007
Japan Credit Rating Agency, Ltd. Long-term credit rating	AA-	AA-	AA-	AA-	AA-
Rating and Investment Information, Inc. Long-term credit rating	A+	A+	A+	A+	A+

Coca-Cola System in Japan

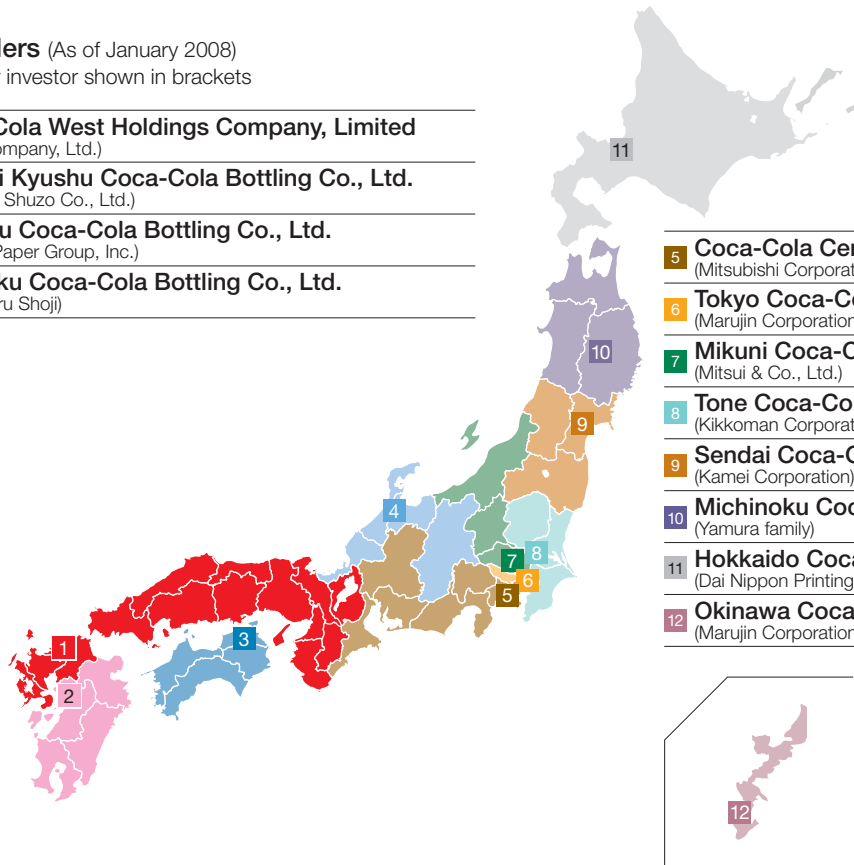
Japan's Coca-Cola system consists of Coca-Cola (Japan) Co., Ltd., 12 bottling companies (bottlers) that manufacture and sell Coca-Cola products in the different regions of the country and other companies.

•12 Bottlers (As of January 2008)

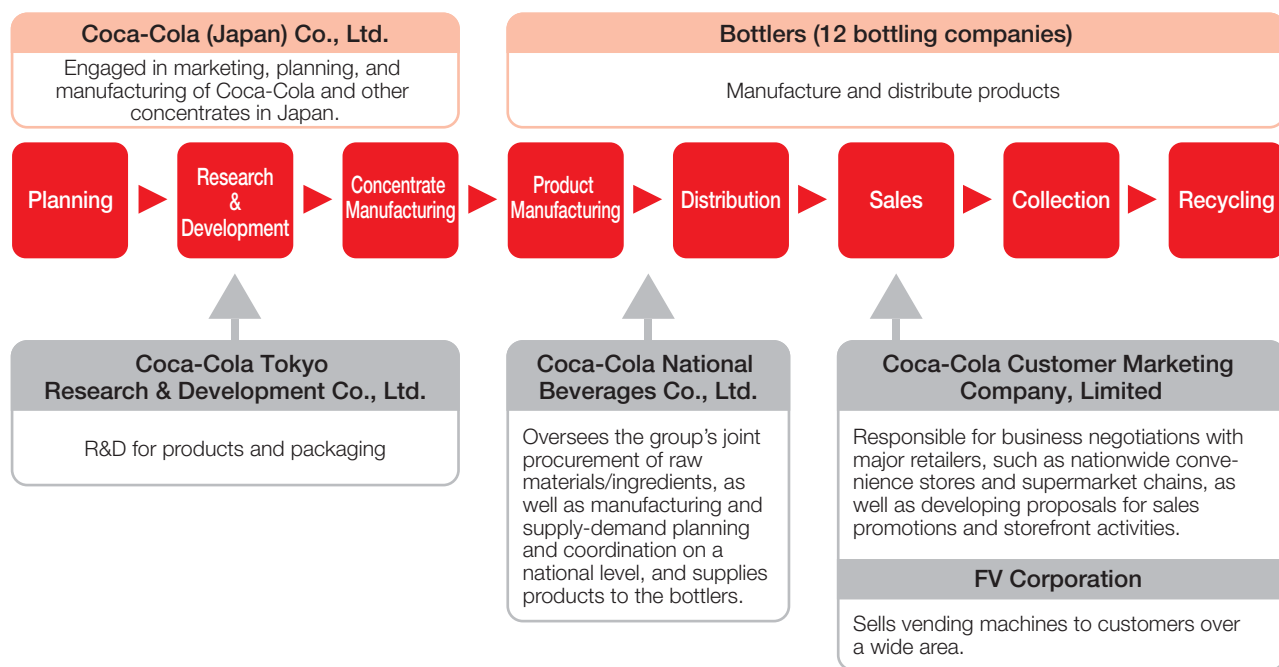
Note: Major investor shown in brackets

- 1 **Coca-Cola West Holdings Company, Limited**
(Ricoh Company, Ltd.)
- 2 **Minami Kyushu Coca-Cola Bottling Co., Ltd.**
(Satsuma Shuzo Co., Ltd.)
- 3 **Shikoku Coca-Cola Bottling Co., Ltd.**
(Nippon Paper Group, Inc.)
- 4 **Hokuriku Coca-Cola Bottling Co., Ltd.**
(Wakatsuru Shoji)

- 5 **Coca-Cola Central Japan Co., Ltd.**
(Mitsubishi Corporation)
- 6 **Tokyo Coca-Cola Bottling Co., Ltd.**
(Marujin Corporation)
- 7 **Mikuni Coca-Cola Bottling Co., Ltd.**
(Mitsui & Co., Ltd.)
- 8 **Tone Coca-Cola Bottling Co., Ltd.**
(Kikkoman Corporation)
- 9 **Sendai Coca-Cola Bottling Co., Ltd.**
(Kamei Corporation)
- 10 **Michinoku Coca-Cola Bottling Co., Ltd.**
(Yamura family)
- 11 **Hokkaido Coca-Cola Bottling Co., Ltd.**
(Dai Nippon Printing Co., Ltd.)
- 12 **Okinawa Coca-Cola Bottling Co., Ltd.**
(Marujin Corporation)

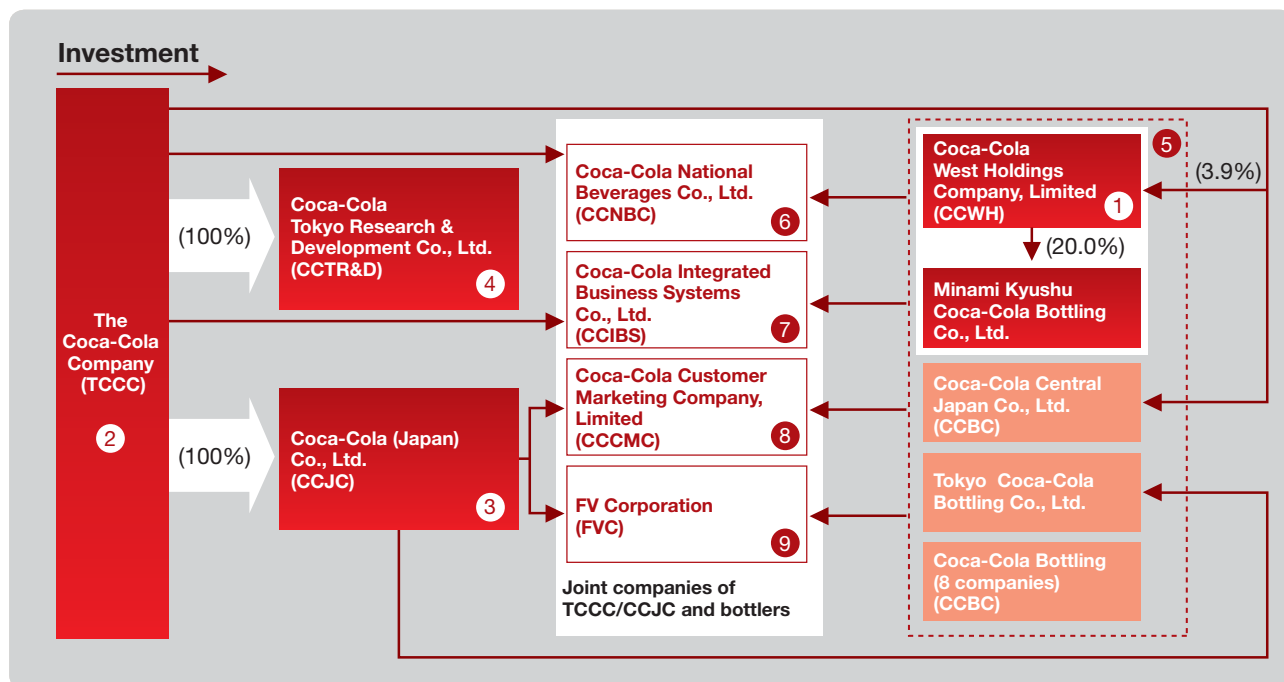


Roles



Group Overview (As of April 2007)

Note: Figures in brackets show voting rights (percentage of shares)



① Coca-Cola West Holdings Company, Limited (CCWH)

Japan's largest Coca-Cola bottler, formed in July 2006 by integrating the management of Coca-Cola West Japan Co., Ltd. and Kinki Coca-Cola Bottling Co., Ltd. The Company entered into an equity-based business alliance with Minami Kyushu Coca-Cola Bottling Co., Ltd. in March 2007.

② The Coca-Cola Company (TCCC)

Established in 1919 in Atlanta, Georgia, in the United States. TCCC holds the rights to license bottlers to manufacture and distribute Coca-Cola products. Bottling contracts with bottlers are entered into by TCCC or one of its subsidiaries.

③ Coca-Cola (Japan) Co., Ltd. (CCJC)

Established in 1957 in Tokyo as "Nihon Inryo Kogyo K.K.," a wholly owned subsidiary of The Coca-Cola Company of the U.S., and then renamed in 1958 to Coca-Cola (Japan) Co., Ltd. CCJC is engaged in marketing, planning, and manufacture of Coca-Cola and other concentrates in Japan.

④ Coca-Cola Tokyo Research & Development Co., Ltd. (CCTR&D)

Established in January 1993 as a wholly owned subsidiary of The Coca-Cola Company of the U.S. Since January 1995, the center has been involved in product development and technical support responding to needs in the Asian region.

⑤ Coca-Cola Bottlers (CCBC)

In Japan, there are 12 bottlers. Each bottler manufactures and distributes products within the region for which it is responsible.

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

Established in April 2003 as a joint company of The Coca-Cola Company and all the Japanese bottlers to create an optimum national supply chain management (SCM) system for the Coca-Cola system in Japan. CCNBC started its operations in October the same year. The company oversees the group's joint procurement of raw materials/ingredients, manufacturing on a national level, and supply-demand planning and coordination, and supplies products to the bottlers.

⑦ Coca-Cola Integrated Business Systems Co., Ltd. (CCIBS)

Established in January 2007 as a joint company of The Coca-Cola Company and all the Japanese bottlers, CCIBS provides business consulting for the Coca-Cola system in Japan. It also develops supporting information systems and is responsible for their overall maintenance and running.

⑧ Coca-Cola Customer Marketing Company, Limited (CCCMC)

Established in January 2007 as a joint company of Coca-Cola (Japan) Co., Ltd. and all the Japanese bottlers. Responsible for business negotiations with major retailers, such as nationwide convenience store and supermarket chains, as well as developing proposals for sales promotions and storefront activities.

⑨ FV Corporation (FVC)

Established in May 2001 as a joint company of Coca-Cola (Japan) Co., Ltd. and all the Japanese bottlers. Its functions include: sales to organizations spread over wide areas in the vending machine business and handling of products other than corporate products (those authorized by Coca-Cola (Japan) Co., Ltd.).

Coca-Cola West

Coca-Cola West Holdings Company, Limited

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