

*-Creating a happy tomorrow for everyone-*

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*Coca-Cola* **West**

**2013**

ANNUAL REVIEW

*Coca-Cola West Company, Limited*

## COMPANY PROFILE (As of December 31, 2013)

**Company name :** Coca-Cola West Co., Ltd.

**Head office :** 7-9-66 Hakozaki, Higashi-ku, Fukuoka 812-8650, Japan

**Establishment :** December 20, 1960

**Paid-in capital :** 15,231 million yen

**Number of employees (consolidated) :** 9,650

**Primary business :** Manufacturing and sales of Coca-Cola and other soft drinks

### Corporate Philosophy

We will contribute to the happy lifestyle of all our stakeholders and contribute to the development of a sustainable society by providing value and refreshment through our beverage portfolio.

In the business field primarily for drinks, we will continue to discover new needs of consumers, as well as the provision of safe and secure high-quality products and services. In addition, our corporate philosophy expresses that we will offer products and services that enjoy new values through uninterrupted innovations; thereby,

- we contribute to the physical and mental wellbeing (that is, "happiness") for people to lead a positive life, such as taste, fun, health, and comfort, in the diverse lifestyle of our consumers, and
- we definitely keep in mind contribution to environmental preservation and coexistence with local communities in our business activities, and based on these efforts, we contribute to development of a sustainable society.

### Web Site

<http://www.ccwest.co.jp/english/>



### Notes

If a need to revise any part of this report arises, the revision will be posted on the "Investor Relations" page on the company website. The content of the revision will be found under "Annual Review" of "Financial Results Information."

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## CONSOLIDATED FINANCIAL DATA: TRENDS IN KEY FINANCIAL INDICES

	2009	2010	2011	2012	2013
Net Revenues (Millions of yen)	369,698	375,764	399,717	386,637	431,711
Growth Rate in Net Revenues (%)	(6.5)	1.6	6.4	(3.3)	11.7
Operating Income (Millions of yen)	2,242	12,003	16,469	13,463	15,927
Operating Income / Net Revenues (%)	0.6	3.2	4.1	3.5	3.7
Recurring Income (Millions of yen)	2,085	12,659	16,044	13,845	16,606
Recurring Income / Net Revenues (%)	0.6	3.4	4.0	3.6	3.8
Income (Loss) before Income Taxes, Minority Interests and Other Adjustments (Millions of yen)	(10,446)	12,982	14,013	12,186	18,730
Income (Loss) before Income Taxes, Minority Interests and Other Adjustments / Net Revenues (%)	(2.8)	3.5	3.5	3.2	4.3
Net Income (Loss) (Millions of yen)	(7,594)	7,582	6,997	6,031	13,625
Return on Sales (%)	(2.1)	2.0	1.8	1.6	3.2
Comprehensive Income (Millions of yen)	–	–	5,605	7,326	16,332
Net Income (Loss) per share (yen)	(75.96)	75.84	69.99	60.33	128.15
Return on Equity (%)	(3.3)	3.4	3.1	2.6	5.6
Return on Assets (%)	0.7	3.8	4.7	4.1	4.7
Total Assets (Millions of yen)	326,818	346,032	342,560	337,348	374,418
Net Assets (Millions of yen)	222,816	226,267	227,864	231,056	257,936
Equity Ratio (%)	68.2	65.3	66.4	68.4	68.8
Net Assets per Share (yen)	2,227.96	2,260.03	2,275.55	2,307.44	2,359.82
Price Book Value Ratio (PBR) (times)*1	0.7	0.7	0.6	0.6	0.9
Price Earnings Ratio (PER) (times)*2	(21.6)	19.4	19.1	22.1	17.4
Cash Flow from Operating Activities (Millions of yen)	28,747	31,732	39,960	26,324	40,082
Cash Flow from Investing Activities (Millions of yen)	(23,447)	(49,203)	(34,050)	(14,243)	(16,493)
Cash Flow from Financing Activities (Millions of yen)	43,297	(16,316)	(8,780)	(7,149)	(8,286)
Cash and Cash Equivalents at End of Fiscal Year (Millions of yen)	71,221	37,434	34,564	39,495	60,275
Dividend Payout Ratio (Consolidated) (%)	–	52.7	58.6	68.0	32.0
Dividend per Share (yen)	42.00	40.00	41.00	41.00	41.00
(Interim Dividend Amount per Share) (yen)	(21.00)	(20.00)	(20.00)	(20.00)	(20.00)
Interest Coverage Ratio (times)*3	97.2	35.4	58.1	41.8	66.0
Depreciation (Millions of yen)	21,900	22,405	21,371	20,643	23,758
Capital Expenditure (Millions of yen)	25,201	16,524	21,201	20,031	20,242
Capital Expenditure for Sales Equipment (Millions of yen)	8,760	7,604	9,518	8,704	9,501
(Share of Capital Expenditure for Sales Equipment)	(35%)	(46%)	(45%)	(43%)	(47%)

\*1 Price Book Value Ratio (PBR) = Market Value at End of Period ÷ Equity per Share

\*2 Price Earnings Ratio (PER) = Market Value at End of Period ÷ Net Income per Share

\*3 Interest Coverage Ratio = Operating Cash Flow ÷ Interest Paid

## TO OUR SHAREHOLDERS AND INVESTORS

We are deeply grateful to all of our shareholders and investors for continued support.

This report presents information on our business conditions and performance for the year ended December 2013.

### Overview of Business Results for the Fiscal Year 2013

In 2013, the Japanese economy was on a moderate recovery path because of the impacts of the economic measures taken by the government, especially on export-related companies. It is generally said that personal consumption has shown signs of recovery, marked by a last-minute rise in demand before a consumption tax increase. Meanwhile, there is a concern over a backlash after the last-minute rise in demand, and the Japanese economy has not achieved a full-scale recovery and still remains uncertain.

The soft drink business experienced positive growth in 2013 due primarily to the effects of a record-breaking heat wave during the summer, the period of peak demand. Nonetheless, consumption has not recovered completely from deflationary conditions, and the business environment facing soft drink companies remains tough, as sales competition between companies intensifies and retail prices continue to fall. In response to such conditions, there are tendencies among the soft drink companies to enhance profitability through the purchase of brands and organizational restructuring.

Under such circumstances, in 2013, the final year of the “three years to grow with breakthrough,” which were stipulated as the first phase of the Long-Term Management Framework 2020, we focused our management policy for the soft drink business on (1) fully engaging in activities aimed at hitting our chain store channel revenue target, vending channel VPM (sales volume per vending machine) target and net vending machine placement target, and (2) successfully completing the full rollout of Logistics Process Transformation and Service Model Optimization to establish a solid business foundation. Based on these measures, we strove to create business foundations that will allow us to continue growing and expanding our earning capacity long into the future.

Moreover, with the aim of further enhancing business foundations and developing the Coca-Cola business in western Japan, on April 1, 2013 we made Minami Kyushu Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary by way of share exchange, striving to achieve an integration effect through business restructuring and management collaboration, mainly in the domain of sales activities and supply chain management (SCM). In addition, in order to strengthen the profit base through improving business quality and productivity, we conducted a review of functions held within the group, and we carried out the out-

sourcing of a portion of the functions to our partner companies outside the group and the consolidation and relocation of functions within the group. As part of these measures, on January 1, 2014 the company conducted an absorption-type merger with Minami Kyushu Coca-Cola Bottling Co., Ltd., aiming to further achieve an integration effect.

Market conditions of the health food industry remained stable with the growth of the elderly population, marked by a solid demand in the fields of healthcare, including anti-aging and locomotive syndrome. However, new market entries, mainly by large companies, have been increasing rapidly, resulting in a more severe competitive environment. As the skincare markets in the cosmetics industry mature due to the decreasing and aging population, competition has been increasingly fierce because of a series of new entries into the market of all-in-one cosmetics, which is expected to continue to grow.

Under such circumstances, in order to achieve the long-term development of the healthcare & skincare businesses, we are striving to strengthen our manufacturing function, home shopping function and business infrastructure. We focused our management policy for 2013 on enhancing our activities for attracting new customers and maintaining/expanding the existing customer base through the expanding channel, the home shopping channel. Based on these measures, we engaged in business activities to gain the trust of consumers.

The Coca-Cola West Group is working on activities to promote corporate social responsibility (CSR) under the four basic concepts of “Corporate Activities with Integrity,” “Human Dignity,” “Together with Society,” and “Harmony with the Environment.” With respect to “Together with Society,” we are engaging in local community contribution activities under our basic stance of “with local communities.” Our four pillars of activities are social welfare, sports activities, cultural and educational activities, and major regional events. We have been continuing our efforts to encourage the healthy development of youth and promote closer communication with communities. In regards to “Harmony with the Environment,” we have made our efforts for global environmental protection to strike a balance between business development and the reduction of environmental load. At the same time, with the slogan of “Sawayaka for people and the environment (fine people and pleasant environment),” we have worked on local environment improvement activities to achieve the development of a sustainable society.

As a result, with regards to our consolidated performance for the period ended December 2013, we posted net revenues of ¥431,711 million (up 11.7%), operating income of ¥15,927 million (up 18.3%), recurring income of ¥16,606 million (up 19.9%), and net income of ¥13,625 million (up 125.9%).

## Future Prospects

Looking at future prospects, the effects of consumption tax increase on the soft drink industry are uncertain, and our business environment will continue to be challenging due to low consumption and falling product prices, as well as increases in the prices of raw ingredients and materials. Under such circumstances, in 2014 we will focus our management policy for the soft drink business on (1) carrying out a proper segmentation strategy against our target competitors to achieve “overwhelming No.1 market share in the industry,” and (2) moving forward to develop into a high-profitability company (excellent company) through a review of group management structures and business model transformation. Through these endeavors we will strive to achieve our business goals and create business foundations that will allow us to continue growing and expanding our earning capacity long into the future.

In the health food industry and cosmetic industry, with the increasing awareness in health and beauty in recent years in Japan, we have faced a series of market entries by new competitors from other industries, and market competition is expected to become increasingly fierce. Under such circumstances, for the healthcare & skincare businesses we will focus on (1) reinforcing marketing activities, (2) improving development speed, (3) building corporate brand strategies, and (4) establishing a business foundation conducive to the promotion of strategy. Based on these measures, we will strive to gain the trust of consumers and achieve sustainable growth.

Furthermore, the Coca-Cola West Group will further promote its contribution to local communities and environmental preservation and work on energy/resource usage reduction, and we will make our all-out efforts to become a company trusted by all of its stakeholders.

## Dividends

Taking the company's performance this period and the business environment facing us going forward into comprehensive consideration, the annual dividend for the period ended December 2013 was set at ¥41 per share.

As we work toward attaining these goals, we would like to seek further support and understanding from all shareholders and investors.



*Tamio Yoshimatsu*

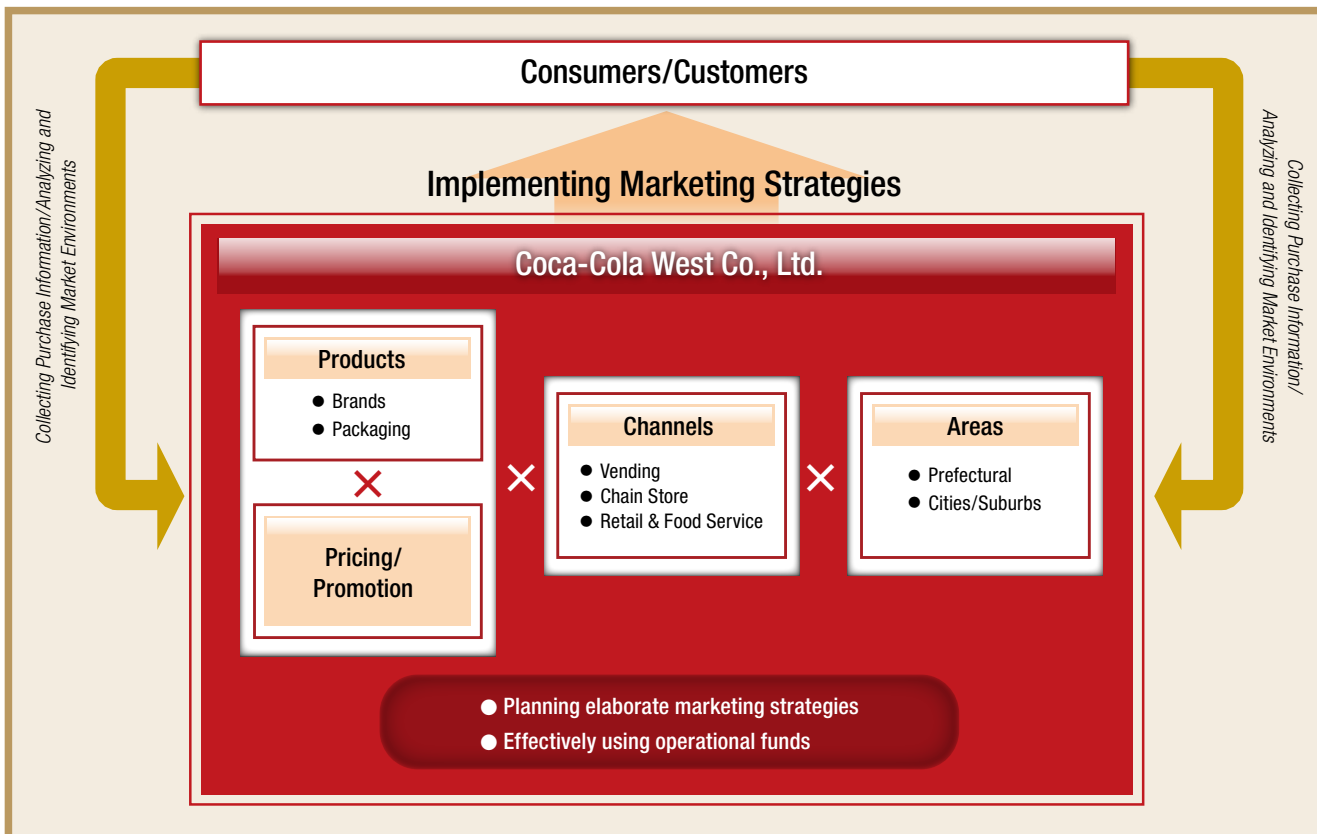
Tamio Yoshimatsu  
Representative Director & President

# SOFT DRINK BUSINESS

## Sales Activities

### Overview of Sales Strategies

We are striving for expansion of market shares and sales volume with increase in net revenues and profits. This will be conducted by implementing an elaborate marketing strategy and effectively using marketing expenses, which are allotted to consumer and customer situations subdivided into prefectural units in each sales channel. Specifically, after the trends of our customer/consumer/other companies for each area (prefecture/city) are fully identified, we will next focus on which product category/package/pricing is most appropriate when implementing sales activities.



### Channel Strategies

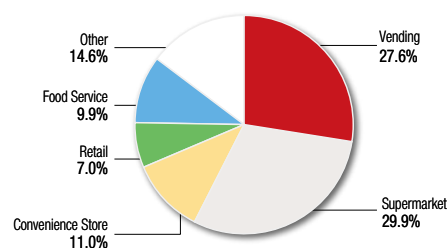
We provide drinks to consumers from various locations such as vending machines, supermarkets, convenience stores and restaurants. In 2013, we implemented detailed marketing actions such as promotional activities and product line-ups according to the season, based on the location of sales for each channel.

#### Sales Volume by Channel

	2012	2013	Percentage change
Vending	51,796	59,632	+15.1%
Supermarket	51,290	64,584	+25.9%
Convenience store	21,080	23,660	+12.2%
Retail	12,556	15,012	+19.6%
Food service	19,828	21,373	+7.8%
Other	30,264	31,590	+4.4%
Total	186,814	215,852	+15.5%

(unit: 1,000 cases)

Composition of Sales Volume in 2013



## VENDING (Vending Machines)



Vending machine operation

In the vending channel, our products are delivered directly to the consumer through about three hundred thousand vending machines.

In 2013, we focused on installing vending machines in indoor areas such as offices and factories. Additionally, we strove to increase the number of sales per vending machine by collecting and analyzing sales information, also by creating an optimum product line-up according to the location of each specific machine, to enable a more enjoyable vending machine experience for our consumers.

Furthermore, as of January 1, 2014, we have reorganized corporate functions by transferring our sales promotion functions for existing customers to our subsidiary Coca-Cola West Vending, which is in charge of vending machine operations. This enables us to provide a more detailed service to our existing customers by uniting operations with sales activities.

## CHAIN STORE (Supermarkets, Convenience Stores, etc.)



Supermarket in-store activities

In our chain store channel, we implemented campaigns tailored for each season and events, and provided product line-ups according to store type and consumer needs for outlets such as supermarkets and convenience stores.

In 2013, we strove to meet consumer needs by reinforcing sales of small-container products, such as placing easy-to-drink sized beverages next to cashier counters and placing tea products in the delicatessen corner using coolers and rack sales equipment. Furthermore, we also strove to stimulate the consumers' will to purchase by conducting large-scaled product displays for "Coca-Cola" and "Sokenbicha" campaigns and creating a product area corresponding to the season of the year.

## RETAIL & FOOD SERVICE (Kiosk, Restaurants, etc.)



Business talk with a customer

In the retail & food services channel, we strove to expand our customers' sales by proposing optimum sales methods for outlets such as station/hospital kiosk, restaurants and bars.

In 2013, we took efforts to provide products to meet consumer needs, such as supplying lunch box and tea beverage sets and also providing beverages at ambient temperature. Additionally, we proposed non-alcoholic cocktails and "Coke Highballs" to restaurants, increasing the variation of our customers' beverage menu and expanding the number of our products to be stocked. For hotels, restaurants, and café-type sub-channels, brewed coffee equipment and table-top coolers were implemented in our quest to acquire new customers.

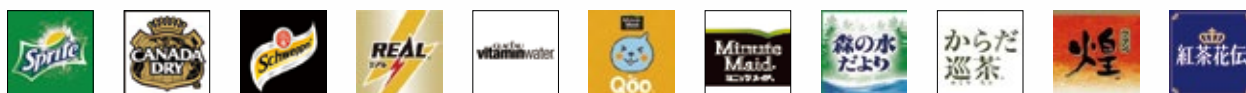
## Sales Activities

### Brand Strategies

Our investments are centered on our core eight brands—Coca-Cola, Coca-Cola Zero, Fanta, Georgia, Aquarius, Sokenbicha, Ayataka, and I LOHAS—and we have made efforts to strengthen sales for increased growth.



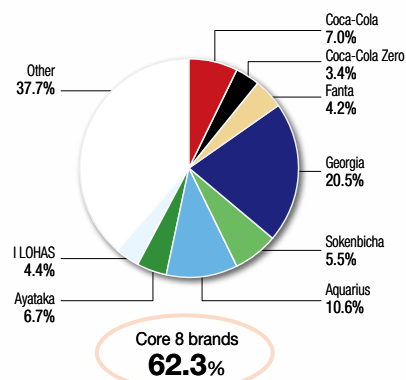
### Other Brands



### Sales Volume by Brand

		(unit: 1,000 cases)		
		2012	2013	Percentage change
Core 8 Brands	■ Coca-Cola	12,882	15,233	+18.3%
	■ Coca-Cola Zero	5,945	7,388	+24.3%
	■ Fanta	7,304	9,049	+23.9%
	■ Georgia	38,984	44,199	+13.4%
	■ Sokenbicha	10,446	11,825	+13.2%
	■ Aquarius	18,769	22,877	+21.9%
	■ Ayataka	10,192	14,404	+41.3%
	■ I LOHAS	8,295	9,537	+15.0%
□ Other	73,997	81,341	+9.9%	
<b>Total</b>		<b>186,814</b>	<b>215,852</b>	<b>+15.5%</b>

### Composition of Sales Volume in 2013





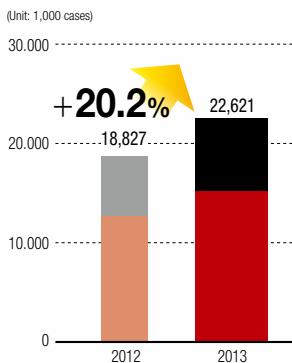


“Coca-Cola” and “Coca-Cola Zero” conducted a “Music Campaign” where consumers were able to download hit songs for each era from the year 1957, which was when Coca-Cola was initially released in Japan.

Additionally, Coca-Cola Zero tapped the immensely popular musical act EXILE for the large-scaled “Zero Limit Campaign” and strove to reinforce sales while giving the brand name new life through events such as product sampling.

As a result of these activities, Coca-Cola and Coca-Cola Zero sales saw a rise in 2013, totaling 20.2% more than that of the previous year.

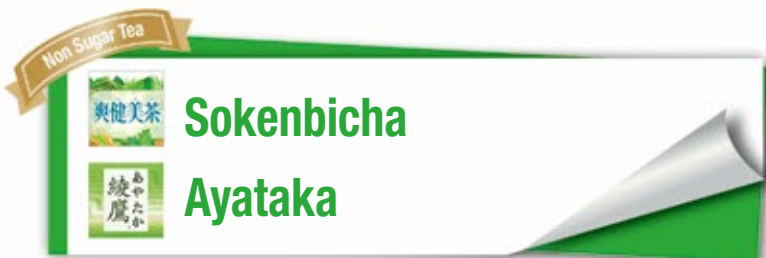
■ Sales Volume Trend for Coca-Cola and Coca-Cola Zero



Music Campaign



Zero Limit Campaign

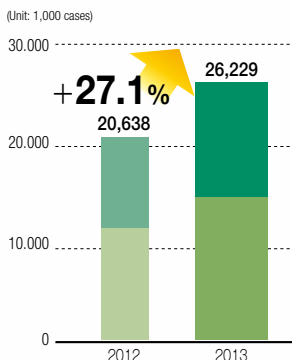


“Sokenbicha” is enjoyed by consumers in a wide age group as one of the staple sugarless teas. In 2013, which marked the 20th anniversary of Sokenbicha’s release, we launched a “Country-wide Voting Campaign” and had consumers choose their preference by releasing a new Sokenbicha containing black sesame and Japanese mugwort along with the existing product, with the goal of reinvigorating the brand name.

Additionally, made from tea leaves produced in carefully selected growing regions across Japan, “Ayataka” promoted its “genuine flavor and inherent cloudiness of classic Japanese green tea that tastes fresh-poured from the pot” through television commercials, campaigns, and product display in its optimal point of sales such as delicatessens and the Japanese sweets section of supermarkets.

As a result of these activities, both Sokenbicha and Ayataka sales saw a rise in 2013, totaling a 27.1% increase than that of the previous year.

■ Sales Volume Trend for Sokenbicha/ Ayataka



Country-wide Voting Campaign

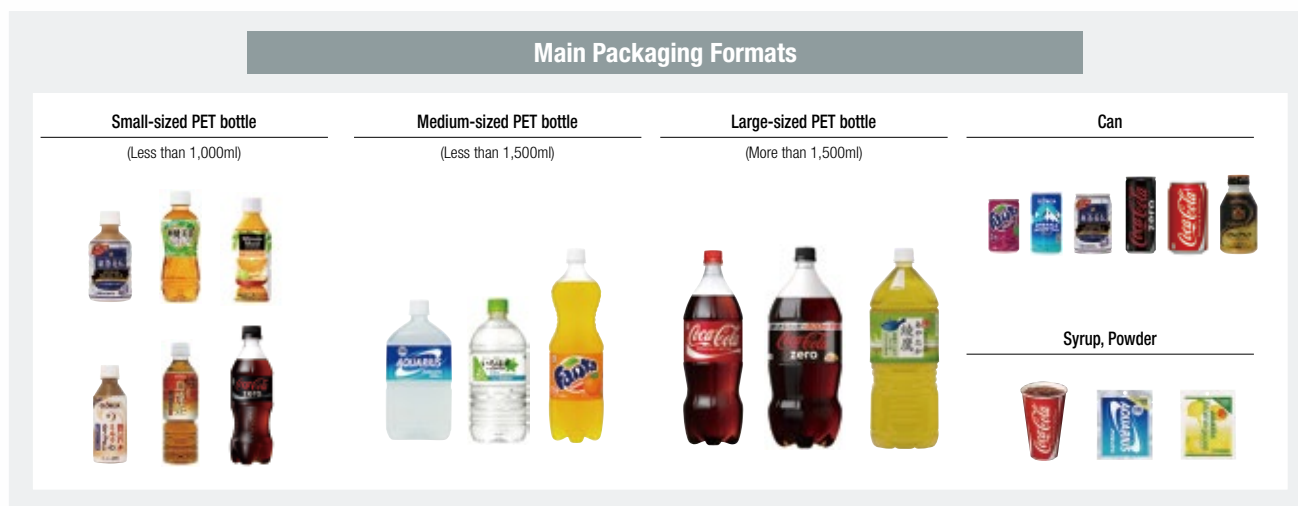


Non sugar tea movie tie-up campaign

## Sales Activities

### Packaging Strategies

Coca-Cola West has developed various packaging (both in terms of volume and container) for each product it offers. We provide products that meet consumer needs by developing the optimal packaging for each category of customer and sales venue.



### Point of Sales

#### [Supermarkets]

Small, Medium and Large-sized PET bottles sold according to sales location



#### [Vending Machines]

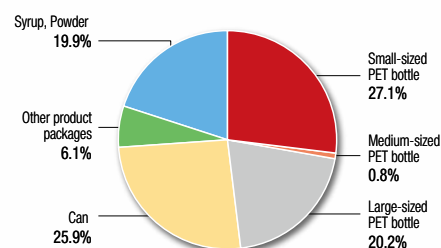
Packaging according to installed location



### Sales Volume by Packaging

		(Unit: 1,000 cases)		
		2012	2013	Percentage change
PET	■ Small-sized (less than 1,000 ml)	45,403	58,458	+28.8%
	■ Medium-sized (less than 1,500 ml)	1,318	1,801	+36.7%
	■ Large-sized (1,500 ml or more)	36,497	43,660	+19.6%
	Subtotal	83,218	103,919	+24.9%
■ Can		51,765	55,927	+8.0%
■ Other product packages		12,292	13,065	+6.3%
■ Syrup, Powder		39,539	42,942	+8.6%
<b>Total</b>		<b>186,814</b>	<b>215,852</b>	<b>+15.5%</b>

#### Composition of Sales Volume in 2013

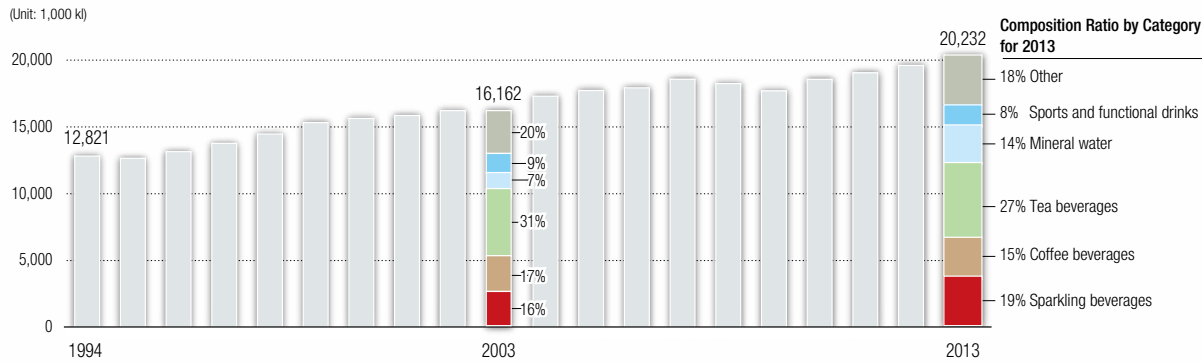


# The Soft Drink Industry and Our Market Shares

## Soft Drink Industry Trends

The production volume of soft drinks hit the highest level ever in 2013, making this the fourth consecutive year of continued market growth. By product category, sparkling beverages, coffee beverages, tea beverages, mineral water and sports/functional drinks have been seeing an increase since the year 2012. Over the past 20 years, the Japanese soft drink market has grown approximately 1.6 times in size.

### Production Volume of Soft Drinks

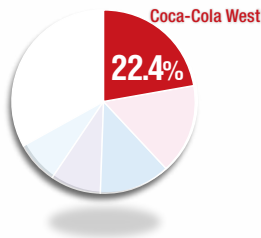


Source: Statistical Report on Soft Drinks, Japan Soft Drink Association, a General Incorporated Association (Data for the year 2013 is preliminary.)

## Overview of our Business Area

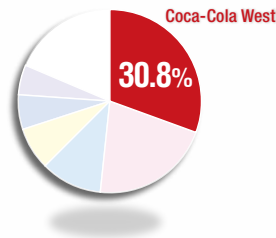
Our company has secured the number one spot in the soft drink industry, and is the number one provider in many of the major categories, which includes sparkling beverages and canned coffee.

### Over-the-Counter Sales Market Share for 2013 (excluding vending machines)



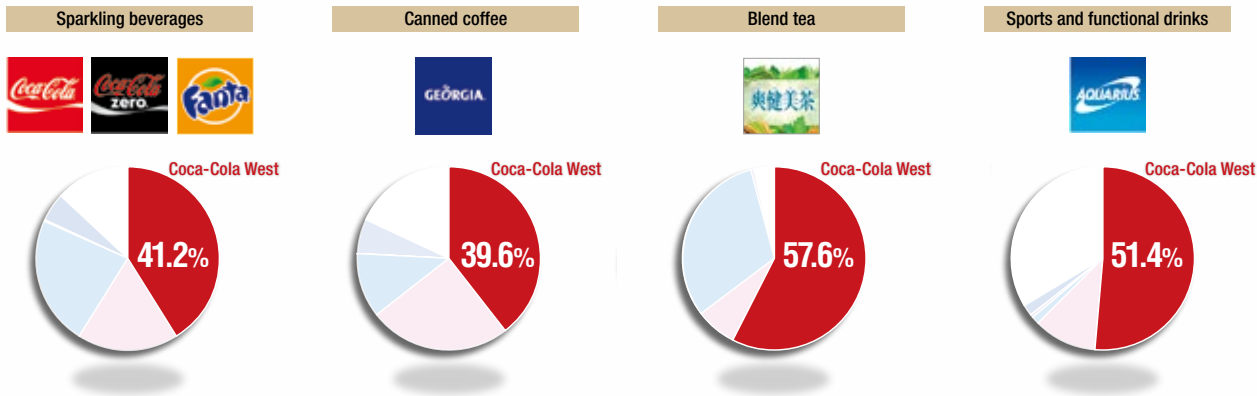
Source: Store Audit, Intage, Inc.

### Outdoor Vending Machine Market Share for 2013



Source: McNET, Inc. (Period of evaluation: June to July)

### Over-the-Counter Sales Market Share by Category for 2013 (excluding vending machines)



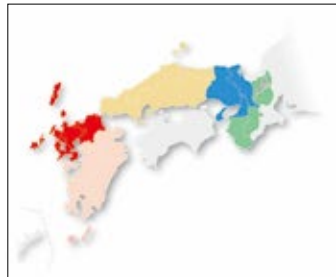
Source: MBI conducted by Intage, Inc.

# Integration and Merger with the Minami Kyushu Group Reorganization

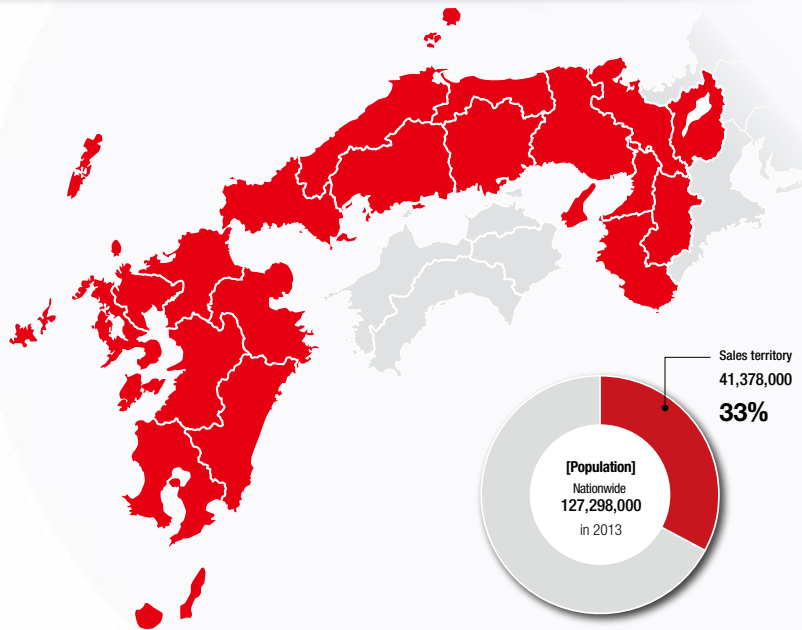
As of April 1, 2014, we have integrated business with Minami Kyushu Coca-Cola Bottling Co., Ltd., expanding the business area of our company to 18 prefectures across Japan. In 2013, we implemented work consolidation and cooperative management with a focus on sales/SCM areas, creating an effective integration.

## OUR BUSINESS AREAS

In and before 1998



- Kita Kyushu Coca-Cola Bottling Co., Ltd.
- Sanyo Coca-Cola Bottling Co., Ltd.
- Kinki Coca-Cola Bottling Co., Ltd.
- Mikasa Coca-Cola Bottling Co., Ltd.
- Minami Kyushu Coca-Cola Bottling Co., Ltd.



## Our History (details of mergers, etc.)

- 1960** The company was established (Nichibeï Inryo Co., Ltd., and thereafter, the corporate name changed to Kita Kyushu Coca-Cola Bottling Co., Ltd.).
- 1999** Merged with Sanyo Coca-Cola Bottling Co., Ltd. ▶ Trade name changed to Coca-Cola West Japan Co., Ltd. (CCWJ).
- 2001** Made Mikasa Coca-Cola Bottling Co., Ltd. (Mikasa CCBC) a subsidiary.
- 2006** Integrated the management of Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC) ▶ Joint stock holdings company Coca-Cola West Holdings Co., Ltd. (CCWH) was established.
- 2007** Entered into a capital and business alliance with Minami Kyushu Coca-Cola Bottling Co., Ltd. (Minami Kyushu CCBC)  
▶ Made a 20-percent investment in Minami Kyushu CCBC and made it an equity-method affiliate.
- 2009** CCWH, CCWJ, Kinki CCBC, and Mikasa CCBC merged. ▶ Coca-Cola West Co., Ltd. (CCW) was established.
- 2013** Made Minami Kyushu CCBC a wholly owned subsidiary (as of April 1).
- 2014** Merger of CCW and Minami Kyushu CCBC (January 1)

## 2013 ACTIVITIES FOR A SUCCESSFUL BUSINESS INTEGRATION

### PROCUREMENT

- Reduction of procurement costs by making bulk purchases of items such as promotional material and vending machines

### MANUFACTURING

- Reduction of manufacturing costs by transitioning from outsourced manufacturing to in-group manufacturing

### LOGISTICS

- Reduction of transportation costs of products and materials

### SALES

- Increased sales aligned with sales strategies

### IT (SYSTEM-RELATED)

- Reduction of IT investments due to installation of a unified system, and also reduction of system-related maintenance costs

### HUMAN RESOURCES

- Efficiency increased by consolidation of indirect department operations

# Coca-Cola Bottling Co., Ltd. and

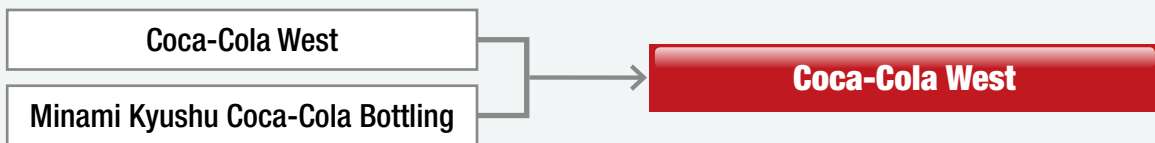
## THE NEW CORPORATE ORGANIZATION OF THE COCA-COLA WEST GROUP

With our merger with Minami Kyushu Coca-Cola Bottling Co., Ltd. as of January 1, 2014, we have integrated each function per group company, and have started off fresh with a new organization structure.

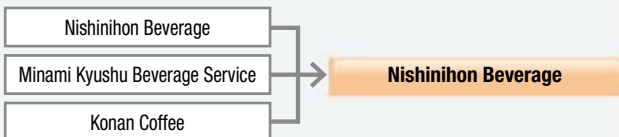


(As of May 1, 2014)

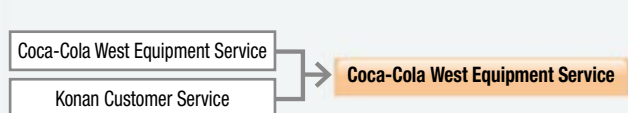
## MERGER OF COCA-COLA WEST AND MINAMI KYUSHU COCA-COLA BOTTLING



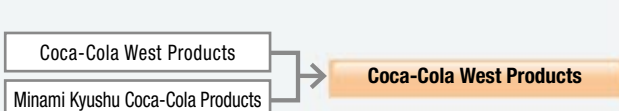
### Sales



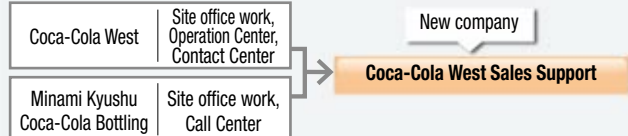
### Sales Equipment Maintenance



### Manufacturing



### Sales Support



## HEALTHCARE & SKINCARE BUSINESS

### Sales Activities

The Healthcare & Skincare Business is conducted by our wholly owned subsidiary Q'sai Co., Ltd. and its five subsidiaries. We provide high-quality and safe products and services through the Q'sai Group's "Craftsmanship Functions" and "Sales Functions".

### THE Q'SAI GROUP ORGANIZATION

Q'sai Co., Ltd. and its subsidiaries



### CHANNEL STRATEGIES

Products are delivered through home shopping and retail stores. We focused on home shopping, which is our main sales channel, and took actions for an increase in sales.

### HOME SHOPPING



Infomercials

There is TV shopping and internet shopping in our home shopping category. TV shopping makes up approximately 90 percent of the Q'sai Group's consolidated sales, and it conducts advertising in programs such as infomercials and its call centers receive orders and provide guidance.

As for the year 2013, we made efforts to acquire new customers and promote sales in existing customers by implementing effective and efficient advertisement according to each product while creating richer content for infomercials.

## PRODUCT STRATEGIES

Our product strategy is to strengthen sales of our various healthcare products, including “Kale Powder”, “Hyaluronan Collagen”, “Glucosamine Z” and our skincare line “Cola-rich”. Of these, “Glucosamine Z”, which was released in 2012, has been steadily increasing in sales with the strong growth of the glucosamine market.

### Healthcare Products

#### ● Kale Powder

Our Kale Powder contains 100% domestically grown kale which is free of both pesticides and chemical fertilizer. Kale contains a generous amount of various nutrients which tend to be insufficient such as carotene, calcium, potassium, vitamins and fiber.

The Q'sai Group proudly delivers high-quality and safe products, with all kale seed selection, growth, harvest, processing and sales conducted systematically within the group.



Kale Aojiru  
(powdered type)

#### ● Hyaluronan Collagen

This product enables the user to replenish hyaluronic acids, collagen and chondroitin daily with ease, by mixing it into beverages and into meals.

This product is a favorite of many users, and it boasts the top sales for six years in a row in the collagen health food product market.



Hyaluronan Collagen

#### ● Glucosamine Z

Glucosamine is essential for cartilage. “Glucosamine Z” is made out of 100% N-acetylglucosamine, which is the same form as that in our bodies, making the internal utilization rate about three times more than that of glucosamine hydrochloride.

This product was released in 2012, targeting the active glucosamine market. As for 2013, we have shifted gears in earnest, focusing on advertising investments and reinforcing sales.



Glucosamine Z

### Skincare Products

#### ● Cola-rich Series

“Cola-rich” is an all-in-one beauty gel cream, with all the functions of a toner, lotion, serum and skin cream contained in one product. There is also the “Cola-rich EX” with an increased concentration of rich moisturizing ingredients. We have also been unfolding related items such as serum foundation and other skincare cosmetics.

In 2013, we strove to enrich the product lineup by releasing “Cola-rich Aqua”, which contains plant extracts for summer skin concerns, and also the “Cola-rich BB Cream” which contains both UV protection and skincare ingredients. Sales were strengthened towards existing consumers, with the goal of enhanced sales of the Cola-rich series.



Cola-rich EX

Cola-rich Aqua  
New product

Cola-rich BB Cream  
New product

## CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

### Initiatives through Our Business Activities as a Community-Oriented Company

Through vending machine business, which is a major sales channel for us, we are striving to coexist with communities. In 2013, we began to introduce super energy-saving Peak Shift Vending Machines, and will continuously respond to social responsibilities called on a company.

#### Super Energy-Saving Peak Shift Vending Machine

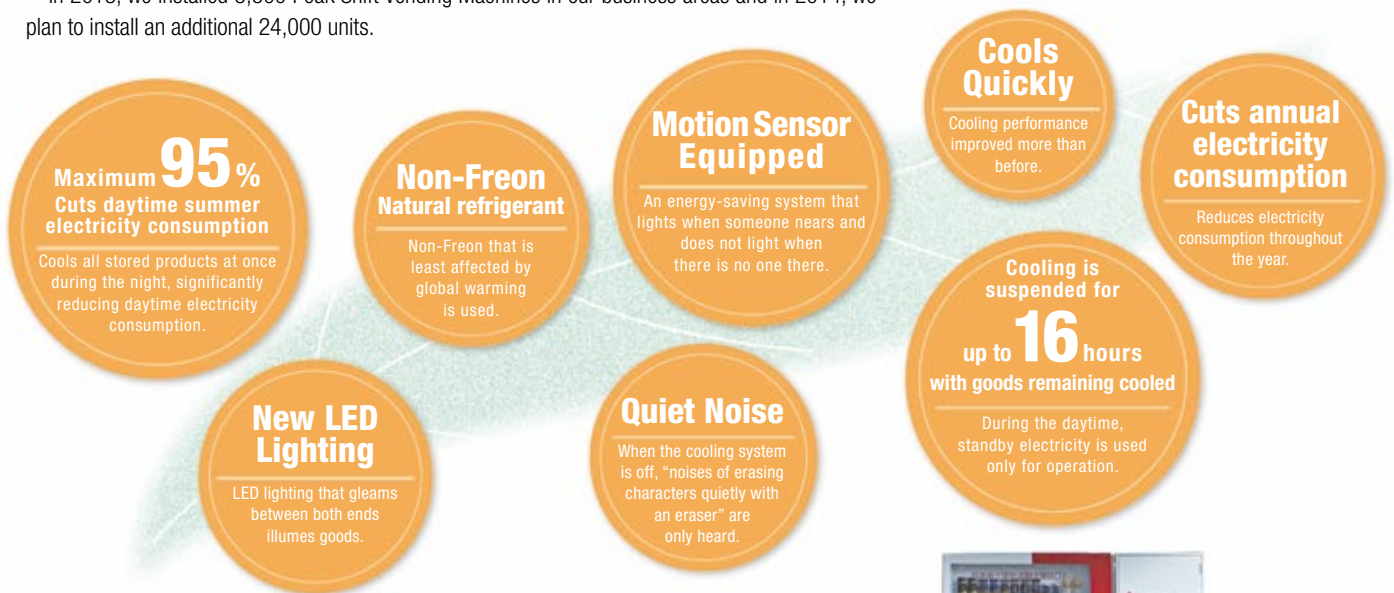
Since the 1990's, Coca-Cola System has been focusing its efforts on reducing the consumption of electricity. For example, in July to September when power usage reaches a peak, we were striving to take environmental measures for vending machines ahead of others, including introduction of the Peak Cut that automatically suspends cooling during a certain period of time and Non-Freon Type Vending Machines that no refrigerants are used for, as well as the adoption of LED lighting.

Peak Shift Vending Machines newly introduced in 2013 are super energy-saving vending machines and they adopt a concept called peak shift that shifts the consumption of electricity used for cooling from the daytime hours, when power demand peaks, to the nighttime hours when demand is relatively less. We have also improved the insulation and airtightness of our vending machines compared to previous models. These machines enhance product cooling efficiency, especially during high-temperature seasons, while reducing the consumption of electricity used for heating by increasing product heating efficiency during winter, thus allowing electricity consumption to be reduced not only in summer but also throughout the year.

In 2013, we installed 8,800 Peak Shift Vending Machines in our business areas and in 2014, we plan to install an additional 24,000 units.



Peak Shift Vending Machines



#### Community-Support Vending Machines that support local communities

We engage in activities that support local communities through our vending machines. When consumers purchase soft drinks from these vending machines, a portion of the sales proceeds is used to support social contribution activities, events, and sports organizations within the community. This allows us to work together with our customers and consumers in supporting local communities. As of the end of 2013, 4,800 of these vending machines were in service.



The Japanese Red Cross Society Fukuoka Supporting Vending Machines

#### Disaster-Response Vending Machines to provide relief during emergencies

In the event that supply lines are severely disrupted by earthquakes or other disasters, Disaster-Response Vending Machines can be set to provide free soft drinks to residents in disaster-stricken areas by remote control from local administrative offices via telecommunications network. These machines are also outfitted with digital displays that provide real-time information such as emergency evacuation sites and maps. As of December 31, 2013, we have installed a total of 1,300 Disaster-Response Vending Machines to contribute to the safety of local residents.



Disaster-Response Vending Machine

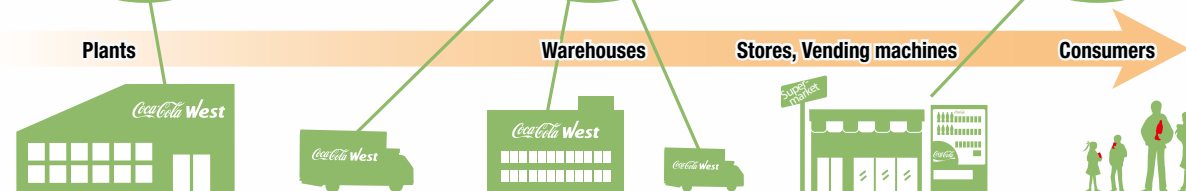


## Quality Control Initiatives

In order to provide safe, secure, and fresh products, we strive to maintain thoroughgoing quality management in every aspect of our business until our products are in consumers' hands.

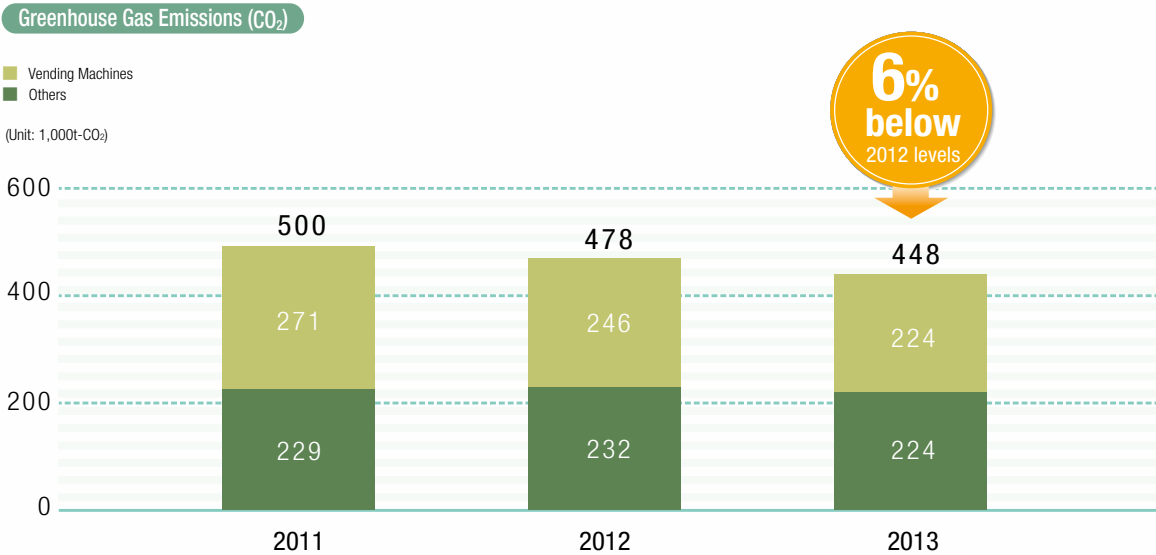
We have established a stringent quality control structure under the "KORE\*1" management system, a system uniquely formulated by the Coca-Cola System as a global standard. Starting with obtaining international standard certification (ISO9001\*2, FSSC22000\*3, OHSAS18001\*4, ISO14001\*5) at our manufacturing plants, we carry out quality control in warehouses, in logistics facilities, at outlet stores, and other sales channels so that we can ensure the high quality of our products at the point of consumption.

- \*1 KORE : Coca-Cola Operating Requirements
- \*2 ISO9001 : Quality Management System
- \*3 FSSC22000 : Food Safety Management System
- \*4 OHSAS18001 : Occupational Health and Safety Assessment Series
- \*5 ISO14001 : Environmental Management Systems



Initiative for Energy Usage Reduction – Our Global Warming Initiative –

Because we want to leave a habitable global environment for future generations, we are striving to reduce our energy usage and greenhouse gas emissions, which cause global warming. Greenhouse gas emissions in 2013 were reduced by 6% from the previous year as efforts on active vending machines were made successfully.



Vending Machine Initiatives

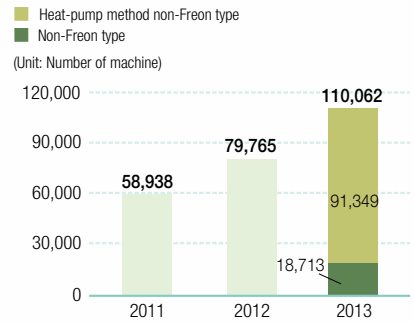
We are promoting the introduction of more non-Freon Environmentally Friendly Vending Machines that have a low global warming effect. In addition, we are striving to further improve environmental performance by using vending machines equipped with solar panels and those with LED lighting.

As of the end of 2013, as part of our efforts to prevent global warming, we had placed about

110,000 Environmentally Friendly Vending Machines using natural coolants in service.

Moreover, since 2013, we have been promoting the introduction of Peak Shift Vending Machines that reduce the consumption of electricity during the daytime by 95%, and the number of Peak Shift Vending Machines reached 8,800 units at the end of 2013.

Number of Environmentally Friendly Vending Machines in Service



Other Initiatives

In the manufacturing processes used at our plants, we are shifting to the use of natural gas, which offers lower CO<sub>2</sub> emissions than heavy oil, and introducing co-generation systems.\*

Furthermore, in visiting our customers (sales activities, operation of vending machines, etc.), we have adopted eco-cars that are friendlier to the environment, including hybrid and natural gas and electric vehicles.

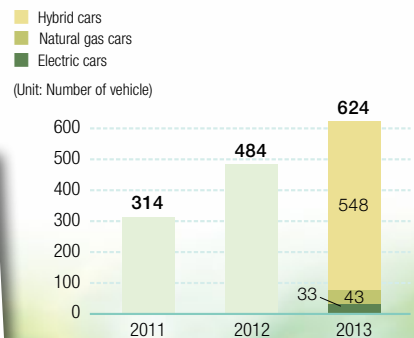


Natural gas vehicle



Electric vehicle

Number of Eco-Cars



\*Co-generation system: A system that generates power using a gas engine, uses the waste heat created in the power generation process to create hot water or steam, and then simultaneously supplies both electricity and heat.

## Water Resource Protection Activities

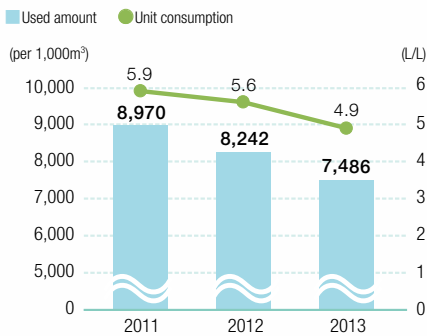
To fulfill our social responsibility as a company that uses water as an irreplaceable key ingredient in our products, we are engaged in efforts to reduce our water use, recycle water, and protect local water resources.

### Reduction of Water Consumption

We strive to make effective use of water in our manufacturing processes. Our water use in 2013 was down 13% from the previous year on unit consumption\* to 4.9 L/L.

\*Unit consumption: water needed to create 1 liter of a product.

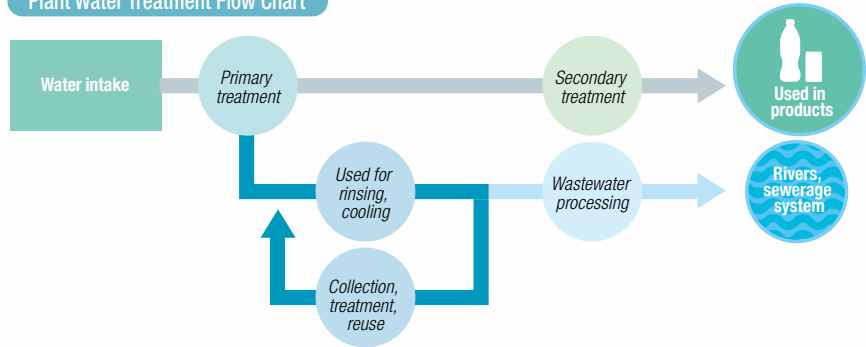
Water Usage and Unit Consumption



### Water Recycling

We carefully collect the water used during the manufacturing process and recycle it by using it for rinsing and cooling purposes. In addition, we control the quality of wastewater we release into the river system, ensuring that it meets company standards that are even more stringent than what is required by law, and thus strive to reduce environmental burdens.

Plant Water Treatment Flow Chart



### Local Water Resource Protection

As a company that strives to be a good partner for local communities, we work with local residents on forest preservation activities in the forests that provide water resources to our eight locations near our group's plants, thereby striving to protect these water-producing regions.

## Recycling activities

We encourage the effective use of resources by actively promoting the collection and recycling of empty containers after drinking and the recycling of waste produced as a result of our business activities.

At the Kita Kyushu Sawayaka Recycling Center, which is run by our group, collected containers are sorted into steel cans, aluminum cans, PET bottles, and glass bottles for efficient recycling. Even our vending machines are subject to waste processing. At the end of their life cycle, they are disassembled and sorted into their component parts so that they can be recycled into steel materials and other items.

In addition to trying to reduce waste generated by our manufacturing process, we also work to sort and recycle any waste produced. We recycle more than 99% of all our waste products, converting spent coffee grounds and tea leaves into organic fertilizer and combustion aids, and turning paper waste into cardboard and recycled paper.

Volume and Recycling Rate of Waste from Production Plants in 2013

Waste type	Volume Generated (Tons)	Recycling Rate	Recycling Usage
Coffee grounds	22,536	100.00%	Organic fertilizer, combustion aids
Tea leaves	13,121	100.00%	
Slurry	6,303	100.00%	
Waste plastic	1,083	99.70%	Recycled plastic fuel
Glass	156	99.96%	Recycled cullet
Metals	387	97.89%	Recycled iron and steel, aluminum Cans
Waste oil	14	91.75%	Recycled oil
Paper	1,204	100.00%	Cardboard, Recycled paper
Other	821	96.83%	Base course material
<b>Total</b>	<b>45,625</b>	<b>99.92%</b>	

## Local Community Contribution Activities, Local Environment Improvement Activities

With the consent of our shareholders, we use surplus financial resources to fund activities that contribute to local communities and promote the local environment. The activities are described below.

### Resolutions of the general meeting of shareholders

#### Appropriation of funding retained earnings

- ▶ Dividend
- ▶ Reserve fund
  - Reserves for contribution to local communities
  - Reserves for environmental protection of local communities
- ▶ Retained earnings at beginning of year

## LOCAL COMMUNITY CONTRIBUTION ACTIVITIES

Under our basic stance, “with local communities,” we encourage the healthy development of youth and also encourage closer communication with communities. Our four major supporting activities are social welfare, sports activities, cultural and educational activities, and major regional events.



### ● Donation of Educational Materials to Special-Needs Schools

We have been donating information equipment (computers and peripherals) to special-needs schools since 1993 to help mentally and physically disabled students gain self-reliance.

In 2013, we donated teaching tools to 19 schools in our sales territory.



### ● Donation of Unicycles to Elementary Schools

With our wish for children as leaders of the next generation to grow healthily and to acquire cooperativeness and patience through sport activities, we have been donating unicycles to public elementary schools since 1994. Unicycles are appreciated for their role in helping develop the nervous system and improve reflexes and are included in the curriculum guidelines established by the Ministry of Education, Culture, Sports, Science and Technology as instructional tools that can be used for teaching children.

We donated 1,200 unicycles to 120 schools in our sales territory in 2013.



### ● Rugby Clinic

Our company rugby team members provide rugby instruction to a wide range of age groups, from young children to university students, to help them improve their rugby skills. By holding clinics not only for students, but also for instructors, we are able to convey the importance of basic skills and safe ways to compete in the sport.

In 2013, rugby clinics were held in Fukuoka, Osaka, Yamaguchi, Oita, and Miyazaki Prefectures.



### ● Classical Music Concerts

To create an affluent society (cultivation of contented people), we have been sponsoring Coca-Cola West Classic Concerts for local residents to enjoy live performances of the finest classical music since 1989.

In 2013, we held the Wiener Ring Ensemble in Fukuoka, the Ensemble Wien-Berlin Concert in Osaka, and the Orchestre de Paris Brass Quintet Concert in Hiroshima and Kumamoto Prefectures. These masterful performances were a real treat for the local residents who had the pleasure of attending.



### ● Family Musicals

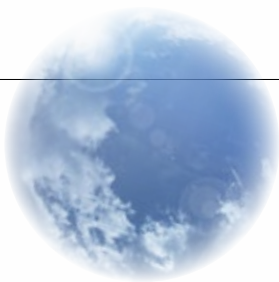
Held during summer break since 1994, Coca-Cola West Family Musicals foster family ties by providing a place where children and parents alike can enjoy musical performances together.

In 2013, we arranged performances of Souvenirs Entomologiques - Seasons of Insects at four locations in Fukuoka, Osaka, Hiroshima and Kumamoto Prefectures. We invited local residents to come out and enjoy the performances with their families.



### ● Ichimura Shizenjuku-Kyushu

This school adopts the basic ideal of “Learn strength to live from the earth” since it was established in 2003. Through farming activities and communal life, the program offers children some opportunities to learn rules a person and moral principles and promotes independence and creativity, and thereby we support the management of such activities.



## LOCAL ENVIRONMENT IMPROVEMENT ACTIVITIES

We recognize global environmental protection as a crucially important issue, and therefore, we contribute to the development of sustainable society with the slogan of “Sawayaka for people and the environment (fine people and pleasant environment).”



### ● Conservation Activities at “Sawayaka Shizen-no-Mori”

We have designated the forests that provide water resources to eight locations near our group’s plants as Sawayaka Shizen-no-Mori and we work with local municipalities in each area to conduct forest preservation activities that help protect those water resources.

In 2013, as many as 700 community residents, including our employees and their family members, participated in activities at the Sawayaka Shizen-no-Mori in the prefectures of Shiga, Kyoto, Hyogo, Tottori, Hiroshima, Saga, Kumamoto, and Miyazaki. Through pruning and trimming activities, we worked to protect the forest and strove to promote environmental education among children.



### ● Water environment class

As a company that uses cherished water, we hold Environmental Trainings to deepen the understanding of children about water that is fostered by forests and the global environment.

In 2013, we held workshops for around 100 local elementary school children at our plants in the prefectures of Kyoto, Hiroshima, and Saga and at Sawayaka Shizen-no-Mori that provides water resources to the plants. At workshops, children saw the manufacturing process where water is turned into products, and searched water sources in forests.



### ● Environment Classes at Schools

We hold Environment Classes at Schools to help children better understand the importance of the environment in which we live.

In 2013, we conducted activities for the planting of trees with about 500 elementary school children of Kyoto Prefecture at a local forest park and provided environmental education to the children about the conservation of nature.



### ● Local Community Cleanup Activities

Our group is carrying out cleanup activities for roads and public places around our offices on a monthly basis. In addition, as a venue for communications with residents in the community, our employees actively participate in cleanup activities sponsored by the local municipalities of the areas where our offices are located.

In 2013, as many as about 1,000 participants, including employees and their family members, joined the activities, contributing to the beautification of those communities.

# FINANCIAL INFORMATION

## Analysis on Operating Results

### Outline of Business Results for Fiscal 2013

#### Operating Results

##### ■ Net Revenues

Net revenues increased ¥45,073 million from the previous year to ¥431,711 million (an 11.7% year-on-year (YOY) increase). By business, in the Soft Drink Business, net revenues increased from the previous year as we made Minami Kyushu Coca-Cola Bottling Co., Ltd., a wholly owned subsidiary as of April 1, 2013 through share exchange and as a result, net revenues in the business rose ¥44,621 million to ¥394,731 million (a 12.7% YOY increase). In the Healthcare & Skincare Business, net revenues increased ¥451 million from the previous year to ¥36,979 million (a 1.2% YOY increase) through the strengthening of sales centered on core products.

##### ■ Operating Income / Recurring Income

Operating income increased ¥2,463 million from the previous year to ¥15,927 million (an 18.3% YOY increase). By business, in the Soft Drink Business, operating income increased ¥2,321 million from the previous year to ¥10,383 million (a 28.8% YOY increase) mainly reflecting group-wide cost cutting efforts, coupled with the effect of the above-mentioned new consolidated company. In the Healthcare & Skincare Business, operating income rose ¥141 million from the previous year to ¥5,544 million (a 2.6% YOY increase) mainly due to increased revenues.

Recurring income grew ¥2,761 million to ¥16,606 million (a 19.9% YOY increase) due mainly to increased equity in earnings of affiliates as well as increased operating income.

##### ■ Net Income

In addition to increased recurring income, gains on negative goodwill of ¥14,438 million associated with making Minami Kyushu Coca-Cola Bottling Co., Ltd. a consolidated subsidiary, was included in extraordinary income, and losses on step acquisitions of ¥5,567 million were included in extraordinary losses. We also included in extraordinary losses the structural reform costs of ¥4,327 million, including employment transfer lump-sum payments, lump-sum payments for change of employment domicile, additional allowances for retirement benefits, etc., associated with structural reform aiming at enhancement of operations quality and strengthening of revenue. Reflecting these effects, net income increased ¥7,593 million from a year earlier to ¥13,625 million (a 125.9% YOY increase).

#### Financial Position

Our equity ratio for the current period was 68.8%, indicating that the company remains in sound financial standing.

##### ■ Assets and Liabilities

Net assets as of the end of the current period increased ¥37,069 million to ¥374,418 million (an 11.0% increase from the end of the previous period). This is mainly attributable to the acquisition of 100% ownership of Minami Kyushu Coca-Cola Bottling Co., Ltd. through share exchange made as of April 1, 2013.

Our liabilities at the end of the current period increased ¥10,189 million from the previous period to ¥116,481 million (a 9.6% increase from the end of the previous period). This is primarily due to an effect of the abovementioned newly consolidated company.

##### ■ Net Assets

Net assets as of the end of the current period increased ¥26,879 million to ¥257,936 million (an 11.6% increase from the end of the previous period). This is mainly attributable to a decrease in treasury stock.

##### ■ Consolidated Cash Flows

###### Net Cash provided by Operating Activities

Net cash provided by operating activities was ¥40,082 million (¥26,324 million in the previous year period). Expenditures of working capital caused by changes in inventory assets and accounts payable decreased ¥7,938 million. As a result, net cash provided by operating activities increased ¥13,758 million from the previous year.

###### Net Cash Provided by/Used in Investing Activities

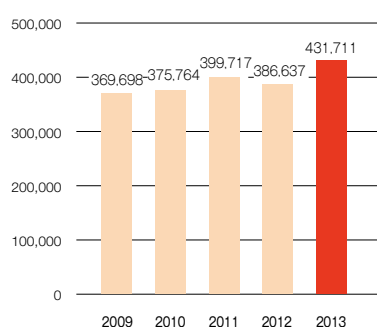
Net cash provided by/used in investing activities was negative ¥16,493 million (negative ¥14,243 million in the year-ago period). In the current period, due mainly to an increase in time deposits of ¥3,594 million, the net cash provided by/used in investing activities decreased ¥2,250 million from the previous year.

###### Net Cash Provided by/Used in Financing Activities

Net cash provided by/used in financing activities was negative ¥8,286 million (negative ¥7,149 million in the year-ago period). Due mainly to an increase in expenses for repayment of lease obligations as a result of the acquisition of 100% ownership of Minami Kyushu Coca-Cola Bottling Co., Ltd. through share exchange, net cash provided/used by financing activities for the current period decreased ¥1,136 million from the previous period.

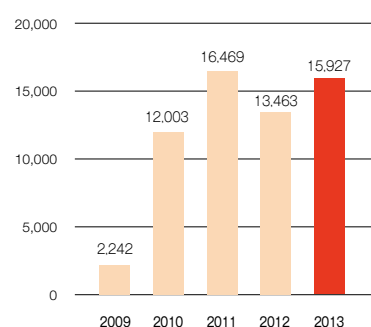
#### Net Revenues

(Unit: Millions of yen)



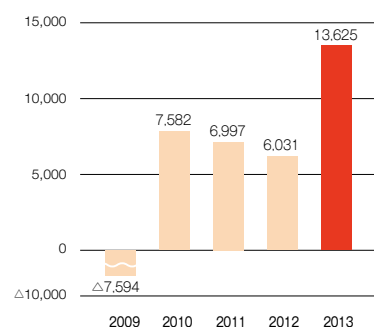
#### Operating Income

(Unit: Millions of yen)



#### Net Income

(Unit: Millions of yen)



## Segment Information

### Business Results by Business Segment

#### ■ Soft Drink Business

On the sales side, in each of our sales channels, we focused our efforts on strengthening sales by thoroughly implementing an effective marketing strategy that was tailored to the buying habits and needs of consumers in specific retail locations. In addition, with an aim of expansion of revenues and efficiency, we provided most suitable services for each of our customers while launching a system that standardizes sales activities, and completely developed the system throughout all areas.

As for product strategy, we continued concentrating on investments in eight core brands. Moreover, as channel strategy, we thoroughly implemented a detailed marketing strategy in specific retail locations.

Based on our strategic partnership with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd., we strengthened our joint marketing efforts and developed various initiatives tied to the continued growth of the Coca-Cola business.

In the area of SCM (Supply Chain Management), we responded to diversifying needs of customers while establishing a total optimum supply system, including a system in the Minami Kyushu area, to trim production costs and pursuing efforts for promoting internal production of PET bottles and reducing the use of materials. In line with these measures, toward building a low-cost supply system, we expanded and developed a new distribution network centering on a distribution center (an inventory-centralized logistic site) in the Kansai and Northern Kyushu areas.

As a result of these efforts, our net revenues in this business for the period ended December 2013 were ¥394,731 million (a 12.7% YOY increase) with operating income of ¥10,383 million (a 28.8% YOY increase).

#### ■ Healthcare & Skincare Business

Looking at product strategy, we strove to boost sales by rolling out products in the various fields, including healthcare products Kale Powder, Hyaluronan Collagen, and Glucosamine Z, as well as skincare product Cola-rich. Among others, Glucosamine Z, put on the steadily growing glucosamine market in 2012, is selling well.

As channel strategy, in home shopping sales, a major sales channel, we were enhancing its programs while efficiently and effectively allocating advertisement expenses depending on products. Backed by these measures, we acquired new customers and prompted existing customers to continue purchasing our products.

As a result of these efforts, our net revenues in this business for the period ended December 2013 were ¥36,979 million (a 1.2% YOY increase) with operating income of ¥5,544 million (a 2.6% YOY increase).

(Unit: Millions of yen)

	2012			2013		
	Soft Drink Business	Healthcare & Skincare Business*2	Total	Soft Drink Business	Healthcare & Skincare Business*2	Total
Net revenues	¥ 350,110	¥ 36,527	¥ 386,637	¥ 394,731	¥ 36,979	¥ 431,711
Segment income*1	¥ 8,061	¥ 5,402	¥ 13,463	¥ 10,383	¥ 5,544	¥ 15,927

(Unit: Thousands of U.S. dollars)\*3

	2012			2013		
	Soft Drink Business	Healthcare & Skincare Business*2	Total	Soft Drink Business	Healthcare & Skincare Business*2	Total
Net revenues	\$ 3,323,938	\$ 346,789	\$ 3,670,727	\$ 3,747,573	\$ 351,079	\$ 4,098,653
Segment income*1	\$ 76,537	\$ 51,289	\$ 127,826	\$ 98,579	\$ 52,637	\$ 151,216

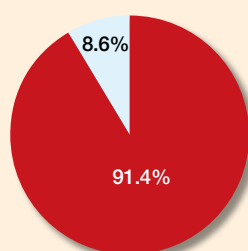
\*1 Segment income concurs with operating income in the consolidated statements of income.

\*2 In and after 2013, the segment name of the previously-used Health Food Business has been changed to the Healthcare & Skincare Business.

\*3 Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 105.33 yen against the U.S. dollar (as of December 31, 2013) is used for conversion.

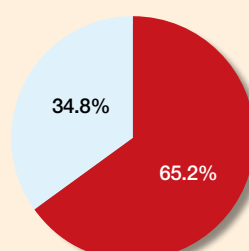
Net Revenues Composition Ratio for 2013

■ Soft Drink Business  
■ Healthcare & Skincare Business



Operating Income Composition Ratio for 2013

■ Soft Drink Business  
■ Healthcare & Skincare Business



## Consolidated Balance Sheets

(As of December 31)

	2011	2012	(Unit: Millions of yen) 2013	(Unit: Thousands of U.S. dollars)* 2013
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Deposits	¥25,208	¥22,157	¥45,632	\$433,230
Trade Notes and Accounts Receivable	25,335	23,472	26,876	255,168
Marketable Securities	26,738	30,702	25,132	238,608
Merchandise and Finished Goods	21,954	24,226	26,621	252,742
Work in Process	464	472	566	5,374
Raw Materials and Supplies	1,450	1,662	2,071	19,670
Deferred Tax Assets (Current Portion)	4,373	3,885	4,933	46,835
Other	14,177	14,245	14,696	139,532
Allowance for Doubtful Accounts	(504)	(414)	(352)	(3,342)
<b>Total Current Assets</b>	<b>119,197</b>	<b>120,411</b>	<b>146,178</b>	<b>1,387,819</b>
<b>Fixed Assets:</b>				
<b>Property, Plant and Equipment:</b>				
Buildings and Structures, net	33,525	32,259	35,826	340,139
Machinery, Equipment, Vehicles, net	20,497	18,487	24,818	235,621
Sales Equipment, net	20,820	20,727	25,390	241,061
Land	52,774	52,208	59,908	568,774
Leased Assets, net	963	652	426	4,050
Construction in Progress	395	2,245	14	139
Other, net	1,241	1,173	1,227	11,654
<b>Total Property, Plant and Equipment</b>	<b>130,218</b>	<b>127,754</b>	<b>147,613</b>	<b>1,401,441</b>
<b>Intangible Assets:</b>				
Goodwill	47,474	44,723	42,189	400,541
Other	4,723	5,190	7,118	67,582
<b>Total Intangible Assets</b>	<b>52,198</b>	<b>49,914</b>	<b>49,307</b>	<b>468,124</b>
<b>Investments and Other Assets:</b>				
Investment Securities	24,583	25,738	17,306	164,304
Deferred Tax Assets	4,321	2,206	1,635	15,529
Advanced Payments for Retirement Expenses	5,827	4,729	4,479	42,524
Other	6,788	7,070	8,315	78,943
Allowance for Doubtful Accounts	(574)	(476)	(418)	(3,973)
<b>Total Investments and Other Assets</b>	<b>40,946</b>	<b>39,268</b>	<b>31,317</b>	<b>297,329</b>
<b>Total Fixed Assets</b>	<b>223,362</b>	<b>216,937</b>	<b>228,239</b>	<b>2,166,895</b>
<b>Total Assets</b>	<b>¥342,560</b>	<b>¥337,348</b>	<b>¥374,418</b>	<b>\$3,554,714</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 105.33 yen against the U.S. dollar (as of December 31, 2013) is used for conversion.



	2011	2012	(Unit: Millions of yen) 2013	(Unit: Thousands of U.S. dollars)* 2013
<b>LIABILITIES</b>				
<b>Current Assets:</b>				
Trade Notes and Accounts Payable	¥18,657	¥14,502	¥16,278	\$154,551
Current Portion of Bonds Payable	—	—	30,000	284,819
Current Portion of Long-Term Loans Payable	2,542	2,517	2,517	23,905
Lease Obligations	461	403	448	4,255
Accrued Income Taxes	2,750	3,006	3,165	30,057
Other Accounts Payable	15,656	14,630	17,624	167,330
Provision for Sales Promotion Expenses	160	173	203	1,929
Other	6,350	5,753	11,650	110,606
<b>Total Current Liabilities</b>	<b>46,579</b>	<b>40,988</b>	<b>81,889</b>	<b>777,454</b>
<b>Long-Term Liabilities:</b>				
Bonds Payable	50,000	50,000	20,000	189,879
Long-Term Loans Payable	10,273	7,755	5,237	49,727
Lease Obligations	778	452	163	1,552
Deferred Tax Liabilities	2,319	2,624	3,655	34,703
Allowance for Employees' Retirement Benefits	1,018	947	2,048	19,447
Provision for Directors' Retirement Benefits	117	130	149	1,417
Other	3,609	3,393	3,338	31,692
<b>Total Long-Term Liabilities</b>	<b>68,116</b>	<b>65,303</b>	<b>34,592</b>	<b>328,419</b>
<b>Total Liabilities</b>	<b>114,695</b>	<b>106,292</b>	<b>116,481</b>	<b>1,105,873</b>
<b>NET ASSETS</b>				
<b>Shareholders' Equity:</b>				
Common Stock	15,231	15,231	15,231	144,612
Capital Surplus	109,072	109,072	109,072	1,035,527
Retained Earnings	130,655	132,587	135,619	1,287,571
Treasury Stock	(25,764)	(25,765)	(4,577)	(43,462)
<b>Total Shareholders' Equity</b>	<b>229,195</b>	<b>231,125</b>	<b>255,346</b>	<b>2,424,248</b>
<b>Other Accumulated Comprehensive Income:</b>				
Net Unrealized Gain (Loss) on Other Marketable Securities	(1,703)	(449)	2,214	21,026
Deferred Gains or losses on hedges	—	—	(1)	(17)
<b>Total Other Accumulated Comprehensive Income</b>	<b>(1,703)</b>	<b>(449)</b>	<b>2,212</b>	<b>21,008</b>
<b>Minority Interests</b>	<b>373</b>	<b>380</b>	<b>377</b>	<b>3,583</b>
<b>Total Net Assets</b>	<b>227,864</b>	<b>231,056</b>	<b>257,936</b>	<b>2,448,840</b>
<b>Total Liabilities and Net Assets</b>	<b>¥342,560</b>	<b>¥337,348</b>	<b>¥374,418</b>	<b>\$3,554,714</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 105.33 yen against the U.S. dollar (as of December 31, 2013) is used for conversion.

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(January 1 to December 31)

Consolidated Statements of Income	2011	2012	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)*
			2013	2013
<b>Net Revenues</b>	<b>¥399,717</b>	<b>¥386,637</b>	<b>¥431,711</b>	<b>\$4,098,653</b>
<b>Cost of Goods Sold</b>	<b>204,472</b>	<b>195,842</b>	<b>216,423</b>	<b>2,054,722</b>
<b>Gross Profit</b>	<b>195,244</b>	<b>190,795</b>	<b>215,287</b>	<b>2,043,930</b>
<b>Selling, General and Administrative Expenses</b>	<b>178,775</b>	<b>177,331</b>	<b>199,359</b>	<b>1,892,713</b>
<b>Operating Income</b>	<b>16,469</b>	<b>13,463</b>	<b>15,927</b>	<b>151,216</b>
<b>Non-Operating Income</b>	<b>1,272</b>	<b>1,492</b>	<b>1,973</b>	<b>18,734</b>
Interest Income	70	85	109	1,038
Dividends	284	271	313	2,981
Amortization of Negative Goodwill	207	—	—	—
Equity in Earnings of Affiliates	139	631	1,074	10,204
Other Non-Operating Income	569	503	475	4,510
<b>Non-Operating Expenses</b>	<b>1,698</b>	<b>1,110</b>	<b>1,294</b>	<b>12,285</b>
Interest Expenses	685	626	602	5,719
Loss on Disposal of Property, Plant and Equipment	629	303	254	2,418
Other Non-Operating Expenses	382	181	436	4,148
<b>Recurring Income</b>	<b>16,044</b>	<b>13,845</b>	<b>16,606</b>	<b>157,666</b>
<b>Extraordinary Income</b>	<b>431</b>	<b>64</b>	<b>14,687</b>	<b>139,440</b>
Gain on Sales of Property, Plant and Equipment	382	—	248	2,363
Gain on Sales of Investment Securities	49	64	—	—
Gains on Negative Goodwill	—	—	14,438	137,077
<b>Extraordinary Losses</b>	<b>2,462</b>	<b>1,723</b>	<b>12,563</b>	<b>119,275</b>
Impairment Loss	—	183	1,008	9,573
Loss from Disaster	43	39	—	—
Loss on Disposal of Property, Plant and Equipment	715	—	634	6,023
Loss on Sales of Shares of Subsidiaries	85	—	—	—
Write-down of Investment Securities	31	317	—	—
Write-down of Golf Club Memberships	16	10	—	—
Loss on Disposal of Inventories	490	—	—	—
Expense for Provision for Power Saving	352	—	—	—
Losses Due to Provision for Quality Problems	—	1,173	—	—
Business Integration-Related Expenses	—	—	1,025	9,732
Losses on Step Acquisitions	—	—	5,567	52,858
Structural Reform Costs	—	—	4,327	41,086
Loss on Adjustment for Changes of Accounting Standard for Asset Retirement Obligations	726	—	—	—
<b>Income before Income Taxes, Minority Interests and Other Adjustments</b>	<b>14,013</b>	<b>12,186</b>	<b>18,730</b>	<b>177,831</b>
<b>Income Taxes</b>	<b>3,878</b>	<b>3,895</b>	<b>3,990</b>	<b>37,885</b>
<b>Income Tax Adjustments</b>	<b>3,082</b>	<b>2,218</b>	<b>1,070</b>	<b>10,160</b>
<b>Total Income Taxes</b>	<b>6,960</b>	<b>6,113</b>	<b>5,060</b>	<b>48,046</b>
<b>Income before Minority Interests</b>	<b>7,052</b>	<b>6,072</b>	<b>13,670</b>	<b>129,785</b>
<b>Minority Interests</b>	<b>55</b>	<b>41</b>	<b>44</b>	<b>426</b>
<b>Net Income</b>	<b>¥6,997</b>	<b>¥6,031</b>	<b>¥13,625</b>	<b>\$129,358</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 105.33 yen against the U.S. dollar (as of December 31, 2013) is used for conversion.

Consolidated Statements of Comprehensive Income	2011	2012	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)*
			2013	2013
<b>Income before Minority Interests</b>	<b>¥7,052</b>	<b>¥6,072</b>	<b>¥13,670</b>	<b>\$129,785</b>
<b>Other Comprehensive Income</b>				
Net Unrealized Gain (Loss) on Other Marketable Securities	(1,455)	1,245	2,664	25,296
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	8	8	(1)	(17)
Total Other Comprehensive Income	(1,447)	1,253	2,662	25,278
<b>Comprehensive Income</b>	<b>¥5,605</b>	<b>¥7,326</b>	<b>¥16,332</b>	<b>\$155,063</b>
<b>(Breakdown)</b>				
Comprehensive Income Attributable to Owners of the Parent Company	5,549	7,284	16,287	154,637
Comprehensive Income Attributable to Minority Interests	55	41	44	426

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## Consolidated Statements of Changes in Shareholders' Equity

(January 1 to December 31)

(Unit : Millions of yen)

	Shareholders' Equity					Other Accumulated Comprehensive Income			Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Other Marketable Securities	Deferred Hedge Gain (Loss)	Total Other Accumulated Comprehensive Income		
Balance as of January 1, 2013	¥15,231	¥109,072	¥132,587	¥ (25,765)	¥231,125	¥ (449)	–	¥ (449)	¥380	¥231,056
<b>Changes during the Consolidated Fiscal Year 2013</b>										
Change in Scope of Equity Method	–	–	(193)	–	(193)	–	–	–	–	(193)
Distribution of Dividends	–	–	(4,282)	–	(4,282)	–	–	–	–	(4,282)
Net Income	–	–	13,625	–	13,625	–	–	–	–	13,625
Acquisition of Treasury Stock	–	–	–	(5)	(5)	–	–	–	–	(5)
Cancellation of Treasury Stock	–	–	(6,117)	21,192	15,075	–	–	–	–	15,075
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	–	–	–	–	–	2,664	(1)	2,662	(3)	2,659
<b>Total Changes during the Fiscal Year</b>	<b>–</b>	<b>–</b>	<b>3,032</b>	<b>21,187</b>	<b>24,220</b>	<b>2,664</b>	<b>(1)</b>	<b>2,662</b>	<b>(3)</b>	<b>26,879</b>
Balance as of December 31, 2013	¥15,231	¥109,072	¥135,619	¥ (4,577)	¥255,346	¥2,214	¥(1)	¥2,212	¥377	¥257,936

(Unit : Thousands of U.S. dollars)\*

	Shareholders' Equity					Other Accumulated Comprehensive Income			Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Other Marketable Securities	Deferred Hedge Gain (Loss)	Total Other Accumulated Comprehensive Income		
Balance as of January 1, 2013	\$144,612	\$1,035,527	\$1,258,781	\$( 244,618)	\$2,194,302	\$(4,269)	–	\$(4,269)	\$3,612	\$2,193,645
<b>Changes during the Consolidated Fiscal Year 2013</b>										
Change in Scope of Equity Method	–	–	(1,834)	–	(1,834)	–	–	–	–	(1,834)
Distribution of Dividends	–	–	(40,655)	–	(40,655)	–	–	–	–	(40,655)
Net Income	–	–	129,358	–	129,358	–	–	–	–	129,358
Acquisition of Treasury Stock	–	–	–	(49)	(49)	–	–	–	–	(49)
Cancellation of Treasury Stock	–	–	(58,079)	201,205	143,126	–	–	–	–	143,126
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	–	–	–	–	–	25,296	(17)	25,278	(29)	25,249
<b>Total Changes during the Fiscal Year</b>	<b>–</b>	<b>–</b>	<b>28,789</b>	<b>201,155</b>	<b>229,945</b>	<b>25,296</b>	<b>(17)</b>	<b>25,278</b>	<b>(29)</b>	<b>255,194</b>
Balance as of December 31, 2013	\$144,612	\$1,035,527	\$1,287,571	\$( 43,462)	\$2,424,248	\$21,026	\$(17)	\$21,008	\$3,583	\$2,448,840

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## Consolidated Statements of Cash Flows

(January 1 to December 31)

	2011	2012	(Unit: Millions of yen) 2013	(Unit: Thousands of U.S. dollars)* 2013
<b>Cash Flows from Operating Activities:</b>				
Income before Income Taxes, Minority Interests and Other Adjustments	¥14,013	¥12,186	¥18,730	\$177,831
Depreciation and Amortization	21,371	20,643	23,758	225,564
Impairment Gains	—	183	1,008	9,573
Amortization of Goodwill	2,697	2,643	2,649	25,158
Amortization of Negative Goodwill	(207)	—	—	—
Increase (Decrease) in Provision for Directors' Retirement Benefits	15	13	18	179
Increase (Decrease) in Liabilities for Retirement Benefits	(4,601)	(63)	304	2,887
Decrease (Increase) in Advance Payments for Retirement Expenses	5,106	1,098	250	2,376
Interest and Dividend Income	(355)	(356)	(423)	(4,019)
Interest Expenses	685	626	602	5,719
Equity in Losses (Earnings) of Affiliates	(139)	(631)	(1,074)	(10,204)
Loss (Gain) on Sales of Marketable and Investment Securities	(49)	(64)	—	—
Loss on Sales of Shares of Subsidiaries	85	—	—	—
Write-down of Marketable and Investment Securities	31	317	—	—
Loss (Gain) on Sales of Fixed Assets	(404)	6	(247)	(2,353)
Loss on Disposal of Fixed Assets	1,299	246	710	6,743
Decrease (Increase) in Accounts Receivable	(1,834)	1,764	604	5,734
Gains on Negative Goodwill	—	—	(14,438)	(137,077)
(Gains) Losses on Step Acquisitions	—	—	5,567	52,858
Decrease (Increase) in Inventories	112	(2,491)	1,986	18,856
Decrease (Increase) in Other Assets	(560)	225	232	2,203
Increase (Decrease) in Accounts Payable	4,052	(4,154)	(693)	(6,580)
Increase (Decrease) in Other Liabilities	336	(1,746)	3,513	33,360
Loss on Adjustment for Changes of Accounting Standard for Asset Retirement Obligations	726	—	—	—
Other	228	366	602	5,716
Sub-total	42,612	30,811	43,662	414,526
Interest and Dividends Received	351	360	433	4,112
Interest Paid	(687)	(630)	(607)	(5,766)
Income Taxes Paid	(2,746)	(4,235)	(3,996)	(37,944)
Income Taxes Refunded	431	17	591	5,614
<b>Net Cash provided by Operating Activities</b>	<b>39,960</b>	<b>26,324</b>	<b>40,082</b>	<b>380,543</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of Marketable and Investment Securities	(19,302)	(26,319)	(25,887)	(245,772)
Proceeds from Sales of Marketable Securities and Investment Securities	4,649	31,843	33,625	319,241
Acquisition of Fixed Assets	(21,890)	(20,134)	(20,065)	(190,496)
Proceeds from Sales of Fixed Assets	2,429	512	755	7,175
Acquisition of Shares of Subsidiaries	—	—	(128)	(1,216)
Expenses for Sale of Shares of Subsidiaries with Change in Scope of Consolidation	(21)	—	—	—
Proceeds from the Sale of Shares of Subsidiaries with Changes in Scope of Consolidation	—	553	—	—
Proceeds from Sales of Shares of Affiliates	—	—	6	66
Long-Term Loans	(360)	(914)	(1,325)	(12,580)
Proceeds from Collection of Long-Term Loans	474	595	802	7,614
Increase in Time Deposits	(334)	(1,865)	(5,459)	(51,833)
Proceeds from Refund of Time Deposits	315	1,480	1,308	12,421
Other	(10)	6	(127)	(1,212)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(34,050)</b>	<b>(14,243)</b>	<b>(16,493)</b>	<b>(156,593)</b>
<b>Cash Flows from Financing Activities:</b>				
Expenses for Repayment of Long-Term Loans	(2,567)	(2,542)	(2,517)	(23,905)
Expenses for Repayment of Lease Obligations	(2,204)	(472)	(1,445)	(13,723)
Expenses for Acquisition of Treasury Stock	(3)	(2)	(5)	(49)
Proceeds from Sales of Treasury Stock	0	0	0	2
Dividends Paid	(3,998)	(4,098)	(4,282)	(40,655)
Dividends Paid to Minority Interests	(6)	(33)	(35)	(336)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(8,780)</b>	<b>(7,149)</b>	<b>(8,286)</b>	<b>(78,667)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,870)</b>	<b>4,930</b>	<b>15,302</b>	<b>145,282</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>37,434</b>	<b>34,564</b>	<b>39,495</b>	<b>374,966</b>
<b>Increase in Cash and Cash Equivalents Associated with New Consolidation</b>	<b>—</b>	<b>—</b>	<b>5,477</b>	<b>52,004</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥34,564</b>	<b>¥39,495</b>	<b>¥60,275</b>	<b>\$572,253</b>

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## OTHER INFORMATION

### Risk Information

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Financial information and other data discussed 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 presented below. The Coca-Cola West Group is fully aware of the possibility of these risks and thus works to avoid them or effectively deal with them should they arise.

Forward-looking statements herein reflect the judgment of management as of March 26, 2014.

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

Coca-Cola West conducts business activities based on a bottler agreement with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd.

#### **(2) Quality Control**

Beverages are the core product of the Coca-Cola West Group. 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 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 it was actually at fault. As such, an incident of this nature could adversely affect the operating results of the group.

#### **(3) The Soft Drink Industry**

##### **a. Impact of market fluctuations**

Sales of soft drinks, the group's core products, are readily influenced by changes in consumers' preferences. In a beverage market of this kind, the group strives to continuously offer appealing products and services. Nevertheless, failure to amply forecast market changes could potentially affect its operating results.

##### **b. Impact of weather-related factors**

Weather conditions tend to have an effect on the sales of soft drinks. Cool summers or warm winters, for example, often have a significant impact on consumer demand. Although the group makes every effort to minimize the influence of weather-related factors on sales, it offers no guarantee that it can completely eliminate the effect of such factors.

#### **(4) Healthcare & Skincare Related Industry**

With growing health and cosmetic consciousness, the market of health food and cosmetics related products, which our group companies are supplying for, is seeing successive new entries from other industries, this could lead to an expectation of more intensified competition and a potential impact on the operating results of our group companies.

#### **(5) Impact of Economic Conditions**

##### **a. Trends in personal consumption**

Sales of soft drinks are closely linked to trends in personal consumption. Any rapid decline in personal consumption caused by the sluggish Japanese economy or a fall in our product prices with the progress of deflation could potentially affect the operating results of our group.

##### **b. Fluctuations in asset value**

The operating results and financial position of our group are affected by fluctuations in the value of securities, land, goodwill, and pension assets in the defined benefit corporate pension program, etc. For example, securities, land, and pension assets, etc. are affected by fluctuations in the market value in the respective markets. Goodwill is subject to impairment losses in some cases if no expected results are gained in the Healthcare & Skincare Business.

#### **(6) Public Regulations**

The group's business relating to the manufacturing and marketing of beverages and food is subject to a number of regulations in Japan, including the Act Against Unjustifiable Premiums and Misleading Representations, 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 the Coca-Cola West Group.

#### **(7) Management of Personal Information**

The Coca-Cola West Group holds large volumes of personal information. In handling this information, it 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 the Coca-Cola West Group and potentially impact its operating results.

#### **(8) Impact of Disasters**

The Coca-Cola West Group has a system in place to minimize the effects of power outages, as well as other problems that could affect its business operations. Typhoons, earthquakes and other natural disasters, however, could create conditions that overwhelm this system. Conditions of this magnitude could potentially impact the operating results and financial position of the group.

### (1) Fundamental Stance on Corporate Governance

Coca-Cola West's fundamental stance on corporate governance is to maximize "shareholders' value" by improving management efficiency and transparency.

Coca-Cola West adopted the Audit & Supervisory Board system in accordance with its separation of decision-making and supervisory functions from the execution of operations of the corporation. In March 1999, we restructured the Board of Directors and adopted the corporate executive officer system. In March 2006, the terms of directors were reduced from two years to one year. This effectively highlights the management responsibilities of directors for each fiscal year and establishes an agile management structure capable of responding to a rapidly changing business environment.

In July 2006, we established the Management Advisory Committee, which advises the Board of Directors. This committee solicits advice from prominent industrial and academic experts to achieve the objectives of improvement of management in both efficiency and transparency, which consequently enhance shareholders' value. The committee is responsible for advising on important matters throughout the management of our group.

### (2) Contents of the Articles of Incorporation

#### a. Number of Directors

Coca-Cola West's articles of incorporation stipulate that there shall be a maximum of 15 directors.

#### b. Requirements for Electing Directors

The company's articles of incorporation stipulate that the election of directors shall be by a majority vote, in which at least one-third of the shareholders with voting rights are present. Resolution for the election of directors shall not be made by cumulative voting.

#### c. Acquisition of Treasury Stocks

The company's articles of incorporation stipulate that the company may repurchase its own shares on the market by a resolution of the Board of Directors in which shareholders' approval is not necessary, pursuant to the provisions of Article 165, Paragraph 2 of the Company Law. The Board of Directors has been authorized to repurchase company shares, allowing it to increase capital efficiency and to execute a flexible policy of capital structure to cope with the changing business environment.

#### d. Determination of Interim Dividends

The company's articles of incorporation stipulate that the company may, by a resolution of the Board of Directors in which shareholders' approval is not necessary, 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 flexibly be returned to shareholders when deemed appropriate.

#### e. Special Resolutions of the General Meeting of Shareholders

The company's articles of incorporation stipulate that special resolutions of a general meeting of shareholders, pursuant to Article 309, Paragraph 2 of the Company Law, shall be adopted by an affirmative vote of at least two-thirds, in which a minimum of one-third of voting shareholders is present. This is to ease the general meetings of shareholders by enabling a quorum to pass special resolutions.

#### f. Business Execution and Management Supervision

We established the monitoring system with the members of the Board of Directors and the Audit & Supervisory Board to fully supervise the performance of executive officers' business operations. The members of the Board of Directors and the Audit & Supervisory Board also participate in an important management meeting, consisting of executive officers. When questions arise during the course of business execution, we consult with attorneys, CPAs and other specialists whose advice is used in determining the best way to proceed.

### (3) Current Situation of the Internal Control System

At a meeting held on July 1, 2006, the Board of Directors resolved to strengthen internal control systems for the purpose of ensuring that Coca-Cola West and its group companies conduct business appropriately. In addition, at the Board of Directors meetings held on February 7, 2008, and on February 7, 2012, certain aspects of these systems were reviewed as follows:

#### a. Systems for ensuring that the duties of the members of the Board of Directors and employees comply with laws and the company's articles of incorporation

Internal rules concerning compliance systems and a code of conduct have been established to encourage officers and all employees of Coca-Cola West and its group companies to observe laws and ordinances as well as the company's articles of incorporation, and to act in line with accepted social norms. They were especially intended to establish a systematically firm policy against any involvement whatsoever with organized crime and other anti-social forces. Further, a department responsible for CSR has been established at Coca-Cola West to unify compliance efforts across the group and conduct educational activities for officers and employees to implement thorough compliance systems. The department in charge of internal audits shall examine the level of cooperation with the department in charge of CSR and the status of compliance across the group, and then regularly report compliance and other important activities related to the internal control system to the Board of Directors and the Audit & Supervisory Board. In addition, an internal whistleblower hotline will be set up as a means for officers or employees to directly provide information on any conduct that may violate laws and ordinances.

#### b. Preservation of information material related to performance of directors' duties and responsibilities

In accordance with established rules for preservation and document management, documents and electronic files containing information of the performance of directors' duties are to be recorded and stored, thereby allowing members of the Board of Directors and the Audit & Supervisory Board to access such documents and files at any given time.

#### c. Rules and other systems related to managing the risk of loss

The department in charge of CSR will examine risks across organizations and companies within the group, working with individual divisions that handle unique risks associated with compliance, the environment, disasters, product quality, information security, etc., to create rules and guidelines, conduct training, and produce and distribute manuals. The department will also promptly appoint employees to take charge of measures in order to deal with new risks that arise.

**d. System for ensuring that directors perform their duties effectively**

The Board of Directors determines the objectives of the group to be shared by corporate officers and employees. Representative directors determine effective methods, such as the delegation of authorization, to set specific targets to reach the goals of the group companies and departments. This division of tasks ultimately leads to the achievement of the group's objectives.

**e. System for ensuring proper business conduct as a corporate group consisting of the company and its subsidiaries**

A department responsible for internal controls of the entire group was established at Coca-Cola West. The effective system of the group, which conducts deliberations related to the internal controls at Coca-Cola West and every group company, facilitates information sharing and communicates instructions and requests, has also been established.

**f. Arrangements for employees whose assistance is requested by members of the Audit & Supervisory Board, and independence of the employees from directors**

Coca-Cola West arranges assistant employees to members of the Audit & Supervisory Board. The assistant employees assist with the performance of members of the Audit & Supervisory Board's duties under members' directives and do not receive directives of directors or other executives.

**g. System for corporate officers and employees to report to the Audit & Supervisory Board**

The members of the Board of Directors arrange a system for corporate officers and employees at Coca-Cola West and its group companies to promptly report to the Audit & Supervisory Board on legal matters, as well as on matters that have a significant impact on the group, such as the performance of internal auditing, and the status and details of reports from the internal whistleblower hotline. The reporting method, including the employment of the task of submitting and receiving reports and the time frame for reporting, will be determined through deliberations between members of the Board of Directors and the Audit & Supervisory Board.

**h. System for ensuring that other auditing by the Audit & Supervisory Board is conducted effectively**

Regular meetings are organized for members of the Audit & Supervisory Board and a representative director to exchange views and opinions.

**(4) Risk Management System**

Coca-Cola West has established the Coca-Cola West Group Risk Management Committee. The objectives of this body are to prevent the various risks faced by the company and to minimize damage in the event of a crisis by enabling a swift and appropriate response. The group ensures that its management principles comply with all laws and ordinances and follow the norms of society with integrity, thereby gaining the trust of all of its stakeholders and fulfilling the Corporate Philosophy. This is enshrined in its Code of Conduct, which is designed to encourage a compliance mindset among all group corporate officers and employees.

**(5) Internal Audits, Audit by Audit & Supervisory Board, and Financial Audit System**

**a. Organization of internal audits and audit by Audit & Supervisory Board, personnel and procedures, coordination among internal audit, audit by Audit & Supervisory Board, and financial/accounting audit**

Coca-Cola West aims to comply with corporate rules and regulations, conduct appropriate corporate activities, implement operational management, protect the company's assets and maintain soundness of its financial situation. In order to achieve these goals, we established the Audit Office (6 members) as the Internal Audit Department, which directly reports to the president.

Members of the Audit & Supervisory Board attend meetings of the Board of Directors, management, and other important meetings, consisting of executive officers. They also meet representative directors on a regular basis and examine the results of audits performed by the Audit Office. Through the foregoing activities, the members of the Audit & Supervisory Board monitor the executive actions of members of the Board of Directors and executive officers in accordance with relevant laws, regulations, the company's articles of incorporation, and internal auditing standards.

The Audit Office conducts preliminary discussions with the Audit & Supervisory Board concerning its auditing policy and plans for each fiscal year.

The Audit & Supervisory Board and the Audit Office also receive reports about the results of audits as needed. In addition, at the beginning of the fiscal year, the company's independent auditor provides the Audit & Supervisory Board with an explanation of its audit plans, and as needed, supplies information and reports to the board during the interim audit or year-end audit.

**b. Names of publicly certified accountants who have performed their services, name of audit corporation to which the accountants belong, and the number of auditing years relating to listed companies, and the composition of the assistants engaging in auditing services**

Coca-Cola West has appointed KPMG AZSA & Co. as its independent auditor. The names of the firm's certified public accountants (engagement and management partners) that audit the company's financial statements are listed as follows.

Name of CPA Who Carried Out Duties		Experience
Designated Liability Partner	Takaki Okano	5 years
Designated Liability Partner	Junichi Adachi	6 years
Designated Liability Partner	Akihisa Sada	2 years

The auditing team has 18 CPAs and 7 other members.

**(6) Outside Directors and Audit & Supervisory Board Members (Outside)**

Presently, two of twelve members of Coca-Cola West's Board of Directors and three of five members of its Audit & Supervisory Board are from outside of the group.

**a. Profile, name and qualification to be elected as an outside director or outside member of the Audit & Supervisory Board**

Division	Name	Relationship with our Company	Background to Appointment
Outside Director	Shiro Kondo	<i>Shiro Kondo is Representative Director and Chairman of Ricoh Company, Ltd., which is classified as an "other related company."</i>	<p><i>Shiro Kondo is Representative Director and Chairman of Ricoh Company, Ltd. and has been appointed to serve as an outside director so that Coca-Cola West can take advantage of his wealth of experience as a corporate manager of that firm.</i></p> <p><i>Ricoh Company, Ltd. is a major shareholder in Coca-Cola West (whose stake amounts to 15.4% in terms of voting rights), but we are engaged in a different business from that of the Ricoh Group. There are some transactions between our corporate groups, in the form of, for example, sales of soft drinks from our company and system maintenance services provided by the Ricoh Group, but because the value of those transactions is quite small, the independent business activities of Coca-Cola West would not be impeded in any way by the Ricoh Group.</i></p> <p><i>We have a close relationship with Ricoh in terms of both human and capital resources, but Mr. Kondo is the only one of our 12 directors who is concurrently serving as a director of Ricoh, giving him less than a majority position on our Board of Directors. He makes decisions related to the company's activities and management directions, and executes operations based on our company's decisions.</i></p> <p><i>Consequently, we have concluded that there is no concern that our company might be unduly influenced by Ricoh and that Mr. Kondo is not a person who would wield undue influence over our management team.</i></p> <p><i>Given the fact that his concurrent service as a director of Ricoh therefore does not influence the independence of Coca-Cola West with respect to Ricoh, and that there is no concern regarding a conflict of interest with our general shareholders, we have appointed Mr. Kondo to the position of independent director.</i></p>
Outside Director	Vikas Tiku	<i>Vikas Tiku is Representative Director, Executive Vice President and CFO of Coca-Cola (Japan) Co., Ltd. (CCJC). Our company and CCJC entered into an agreement with respect to production and sales of Coca-Cola and other products and usage of Coca-Cola trademarks. We purchase the original Coca-Cola syrup and other beverages from CCJC and also receive rebates for sales promotion. CCJC is thus a special interest company.</i>	<p><i>Vikas Tiku is Representative Director, Executive Vice President and CFO of CCJC and has been appointed to serve as an outside director so that Coca-Cola West can further strengthen its strategic partnerships with The Coca-Cola Company and CCJC.</i></p> <p><i>Although CCJC is a major business partner with the special interests outlined at left, Mr. Tiku is the only one of our 12 directors who is concurrently serving as a director of CCJC, giving him less than a majority position on our Board of Directors. He makes decisions related to the company's activities and management directions, and executes operations based on our company's decisions.</i></p> <p><i>Consequently, we have concluded that there is no concern that our company might be unduly influenced by CCJC and that Mr. Tiku is not a person who would wield undue influence over our management team.</i></p> <p><i>We therefore deem that he may not significantly be affected by The Nishi-Nippon City Bank and Kyushu Sogo Shinyo, and is unable to significantly control the management of our company and that there is no concern regarding a conflict of interest with our general shareholders.</i></p>
Audit & Supervisory Board Member (Outside)	Zenji Miura	<i>Zenji Miura is Representative Director, President, and Chief Executive Officer of Ricoh Company, Ltd., which is classified as an "other related company."</i>	<p><i>Zenji Miura has a long professional career in finance and accounting at Ricoh. He has been appointed as an outside member of the Audit &amp; Supervisory Board so that Coca-Cola West can put his wealth of experience to work in its auditing responsibilities.</i></p> <p><i>Ricoh Company, Ltd. is a major shareholder in Coca-Cola West (a 15.4% stake in terms of voting rights), but we are engaged in a different business from that of the Ricoh Group. There are some transactions between our corporate groups, in the form of, for example, sales of soft drinks from our company and system maintenance services provided by the Ricoh Group, but because the value of those transactions is quite small, the independent business activities of Coca-Cola West would not be impeded in any way by the Ricoh Group. We have a close relationship with Ricoh in terms of both human and capital resources, and one of the directors of Ricoh is serving as our director. However, he is the only one of our 12 directors who is concurrently serving as a director of Ricoh, giving him less than a majority position on our Board of Directors, and his appointment was made at our request. He makes decisions related to the company's activities and management directions, and executes operations based on our company's decisions.</i></p> <p><i>Consequently, we have concluded that there is no concern that our company might be unduly influenced by Ricoh and that Mr. Miura is not a person who would wield undue influence over our management team.</i></p> <p><i>Given that his concurrent service as a director of Ricoh therefore does not influence the independence of Coca-Cola West with respect to Ricoh, and that there is no concern regarding a conflict of interest with our general shareholders, we have appointed Mr. Miura to the position of independent director.</i></p>
Audit & Supervisory Board Member (Outside)	Kazushige Higuchi	<i>Kazushige Higuchi was Representative Director and Executive Vice President of Nishi-Nippon City Bank, Ltd. until June 27, 2013. Our company has a business relationship with the bank, with which we have transactions such as fund deposits. In addition, he is Representative Director and President of Kyushu Sogo Shinyo, Co., Ltd. Our company has no relationship with Kyushu Sogo Shinyo, Co., Ltd. to be described.</i>	<p><i>Kazushige Higuchi has a long professional career at The Nishi-Nippon City Bank, a major financial institution. He has been appointed as an outside member of the Audit &amp; Supervisory Board so that Coca-Cola West can put his wealth of experience to work in its auditing responsibilities.</i></p> <p><i>Although our company has a business relationship with The Nishi-Nippon City Bank, including fund deposits, none of our 12 directors concurrently serve as directors of The Nishi-Nippon City Bank. Mr. Higuchi makes decisions related to the company's activities and management directions, and executes operations based on our company's decisions.</i></p> <p><i>Our company also has no particular interests with Kyushu Sogo Shinyo, Co., Ltd. and could not be significantly affected by the company.</i></p> <p><i>We therefore deem that he is unable to significantly control the management of our company and that there is no concern regarding a conflict of interest with our general shareholders.</i></p>
Audit & Supervisory Board Member (Outside)	Tomoko Ogami	<i>Tomoko Ogami is a lawyer belonging to Kunitake Sogo Law Office. Our company has no relationship with Kunitake Sogo Law Office to be described.</i>	<p><i>Tomoko Ogami has many years of experience as an attorney and has been appointed to serve as an outside member of the Audit &amp; Supervisory Board so that she can apply that experience to the auditing of Coca-Cola West.</i></p> <p><i>Because Ms. Ogami does not have any particular vested interests in this company, we have concluded that she is not a person who would wield undue influence over our management team and that there is no concern regarding a conflict of interest with our general shareholders.</i></p>



**b. Standards and guidelines regarding the independence of outside directors and outside members of the Audit & Supervisory Board**

Standards and guidelines for establishing the independence of outside directors and outside members of the Audit & Supervisory Board have not been explicitly stipulated, but optimal candidates are appointed by the Board of Directors based on an evaluation of their management positions at other firms, their performance, and their expert knowledge.

**c. Role and responsibilities of outside directors and outside members of the Audit & Supervisory Board for corporate governance**

Outside members make up the majority of Audit & Supervisory Board members and establish a monitoring system for the directors' execution of operation at the Board of Directors. Also, outside directors of external academic experts provide appropriate advice from a third party point of view.

**d. Supervision, audit and internal audits conducted by outside directors or outside members of the Audit & Supervisory Board, coordination between audit by the Audit & Supervisory Board and financial/accounting audit, and relationship with Internal Control Division**

Outside directors and outside members of the Audit & Supervisory Board receive reports regarding internal audits, financial/accounting audits and internal control, and make comments at the Board of Directors' meeting and the Audit & Supervisory Board's meeting.

**e. Summary of limitation of liability contract**

Our company has set up a clause of limitation of liability of outside directors and outside members of the Audit & Supervisory Board in the articles of incorporation in order for them to perform their expected roles sufficiently and to enable us to appoint high-quality independent persons.

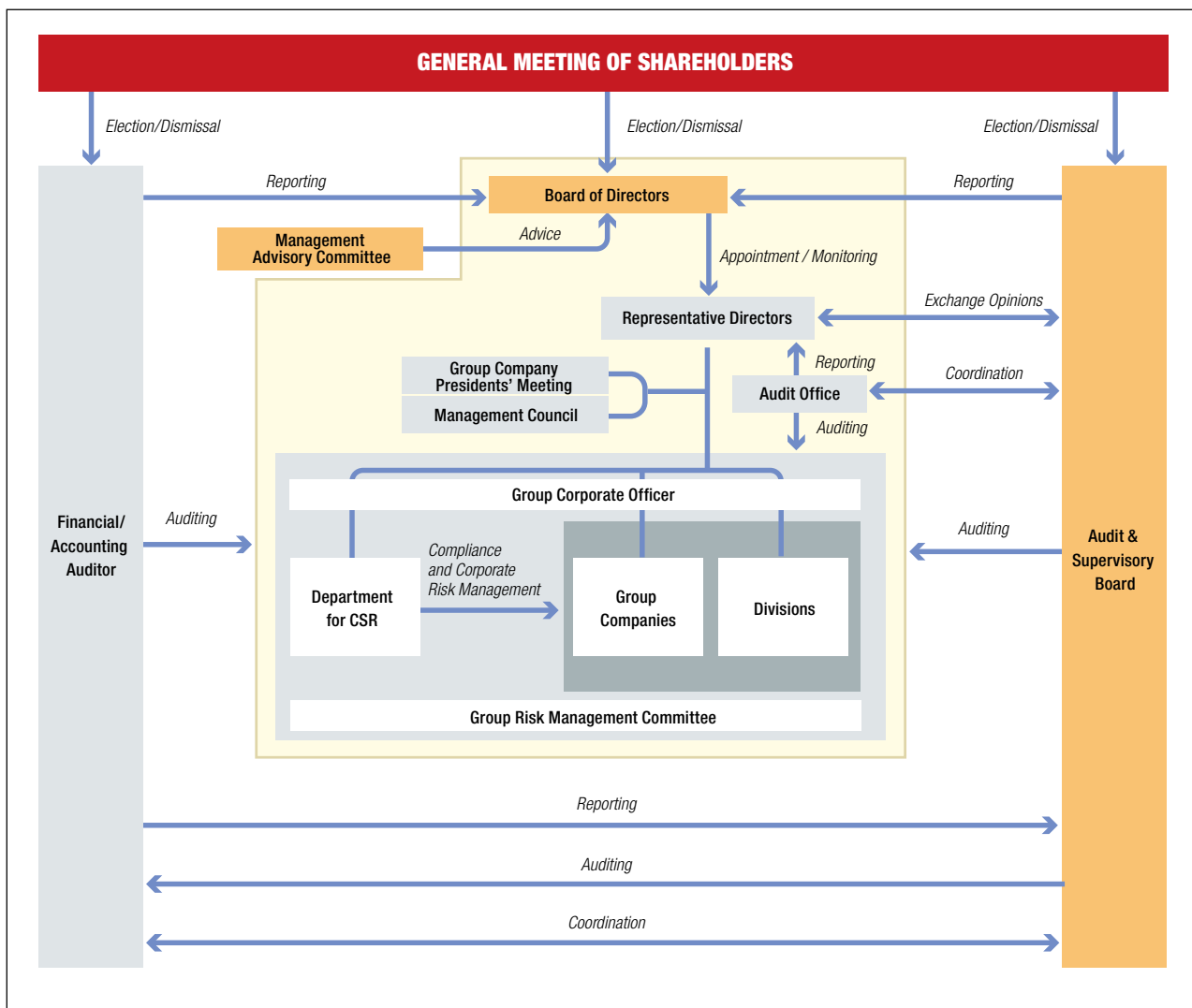
Two outside directors and three outside members of the Audit & Supervisory Board entered into agreements with our company with regard to limited liabilities due to negligence of duties, based on Article 427, Paragraph 1 of the Company Law. The limit of liabilities is the minimum amount determined by law.

**f. Supporting staff for outside directors and outside members of the Audit & Supervisory Board**

The staff of the Administration Department and the staff (assistant employees) of the Audit Office support outside directors and outside members of the Audit & Supervisory Board, respectively.

**(7) Corporate Governance System and Reasons to Adopt the System Described**

Our company adopted the following Corporate Governance System under the belief that it enables improvements in the efficiency and transparency of management.



**(8) Directors' and Audit & Supervisory Board Members' Remuneration**

a. Aggregate amounts of remuneration according to roles of directors and members of the Audit & Supervisory Board, aggregate amounts according to type of remuneration, and number of directors and members of the Audit & Supervisory Board to be compensated

	Directors				Audit & Supervisory Board Members				Total			
	Number of Members	Total of Remuneration (Millions of yen)			Number of Members	Total of Remuneration (Millions of yen)			Number of Members	Total of Remuneration (Millions of yen)		
		Base Remuneration (Millions of yen)	Other (Millions of yen)			Base Remuneration (Millions of yen)	Other (Millions of yen)			Base Remuneration (Millions of yen)	Other (Millions of yen)	
Remuneration and others based on resolution of general shareholders' meeting	13	329	329	—	8	48	48	—	21	378	378	—
Internal	11	315	315	—	4	38	38	—	15	353	353	—
External	3	14	14	—	4	10	10	—	7	25	25	—

Note: 1. The remuneration figures shown above include the remuneration paid to one director, and three members of the Audit & Supervisory Board, including one outside member of the Audit & Supervisory Board, who retired at the close of the 55th General Shareholders' Meeting held on March 26, 2013, and two directors who resigned as of January 11, 2013 and December 31, 2013.

2. One outside director was elected as inside director at the 55th General Shareholders' Meeting held on March 26, 2013. The remuneration for the director is shown as the remuneration for an outside director until the 55th General Shareholders' Meeting, and for an inside director after 55th General Shareholders' Meeting.

b. Significant items in the salaries of the company's internal officers

None

c. Contents of (i) the determination of the amount of remuneration of directors and members of the Audit & Supervisory Board and (ii) the calculation methods to determine the amount, and the decision-making method of determination for the foregoing items

The aggregate amounts of remuneration for directors and members of the Audit & Supervisory Board were resolved at the 51st General Shareholders' Meeting held on March 24, 2009 to be a maximum of ¥500 million annually (for outside directors, a maximum of ¥50 million annually) and a maximum ¥100 million annually, respectively. The amount of remuneration for individual directors and individual members of the Audit & Supervisory Board is determined within the aggregate determined ranges as follows:

(Directors)

The amount of remuneration for each director is determined by the representative directors who are authorized by the Board of Directors after consideration of deliberations at the Management Advisory Committee consisting of outside experienced experts.

The remuneration consists of (i) a fixed amount portion and (ii) a variable portion which reflects the company's business performance, which are able to reflect the responsibilities as directors and contribution to the company's performance.

(Audit & Supervisory Board Members)

The amount of remuneration for each member of the Audit & Supervisory Board is determined in consultation with each respective member.

**(9) Securities Investments**

a. Excluding trade purpose securities, number of companies invested in and amount of invested common stocks on balance sheet

Number of companies invested in: 131, amount of invested common stocks: ¥12,204 million

b. Excluding trade purpose securities and referring to companies listed on the stock market, names of companies invested in, stockholding classification, number of shares and amount of invested common stocks on balance sheet and purpose of stockholding

Designated investment stocks

Name of Company Invested in	Number of shares	Amounts shown on the Balance Sheet (Millions of yen)	Purpose of Stockholding	Name of Company Invested in	Number of shares	Amounts shown on the Balance Sheet (Millions of yen)	Purpose of Stockholding
Ricoh Leasing Company, Ltd.	502,000	1,563	Maintain favorable relationship with the company invested in.	Zenrin Co., Ltd.	183,414	187	Maintain favorable relationship with the company invested in.
Royal Holdings Co. Ltd.	962,440	1,516	Maintain favorable relationship with the company invested in.	Nishikawa Rubber Co., Ltd.	99,445	180	Maintain favorable relationship with the company invested in.
The Nishi-Nippon City Bank, Ltd.	3,024,811	856	Maintain favorable relationship with the company invested in.	Okuwa Co., Ltd.	171,855	157	Maintain favorable relationship with the company invested in.
Nishi-Nippon Railroad Co., Ltd.	2,000,000	778	Maintain favorable relationship with the company invested in.	Isetan Mitsukoshi Holdings Ltd.	87,015	130	Maintain favorable relationship with the company invested in.
Izumi Co., Ltd.	231,000	762	Maintain favorable relationship with the company invested in.	Sumitomo Mitsui Trust Holdings, Inc.	182,898	101	Maintain favorable relationship with the company invested in.
San-Ai Oil Co., Ltd.	1,308,125	647	Maintain favorable relationship with the company invested in.	Fuji Food System Co., Ltd.	284	99	Maintain favorable relationship with the company invested in.
Mitsubishi Heavy Industries, Ltd.	900,000	585	Maintain favorable relationship with the company invested in.	Kansai Super Market Ltd.	113,200	99	Maintain favorable relationship with the company invested in.
Kyushu Leasing Service Co., Ltd.	2,000,000	486	Maintain favorable relationship with the company invested in.	Yamaguchi Financial Group, Inc.	100,000	97	Maintain favorable relationship with the company invested in.
Mitsubishi UFJ Financial Group, Inc.	522,420	362	Maintain favorable relationship with the company invested in.	AEON Co., Ltd.	66,079	94	Maintain favorable relationship with the company invested in.
Fuji Co., Ltd.	195,366	350	Maintain favorable relationship with the company invested in.	Izumiyama Co., Ltd.	170,900	79	Maintain favorable relationship with the company invested in.
Yondoshi Holdings, Inc.	203,400	323	Maintain favorable relationship with the company invested in.	Central Japan Railway Company	5,100	63	Maintain favorable relationship with the company invested in.
Plenus Company Limited	115,261	271	Maintain favorable relationship with the company invested in.	Poplar Co., Ltd.	113,042	60	Maintain favorable relationship with the company invested in.
Toyo Seikan Group Holdings, Ltd.	97,460	220	Maintain favorable relationship with the company invested in.	The San-in Godo Bank, Ltd.	72,450	54	Maintain favorable relationship with the company invested in.
West Japan Railway Company	42,000	191	Maintain favorable relationship with the company invested in.	Seven & i Holdings Co., Ltd.	12,505	52	Maintain favorable relationship with the company invested in.
AEON Kyushu Co., Ltd.	114,400	191	Maintain favorable relationship with the company invested in.	NKSJ Holdings, Inc.	16,250	47	Maintain favorable relationship with the company invested in.

Note: 1. The corporate name of F&A Aqua Holdings, Inc. was changed to Yondoshi Holdings, Inc. as of September 1, 2013.

2. Toyo Seikan Co., Ltd. adopted a holding company system as of April 1, 2013 and its corporate name was changed to Toyo Seikan Group Holdings, Ltd.

c. Total of investment stocks for the purpose of pure investments on the balance sheet, as well as total of dividends received, gain/loss on sales and valuation gain/loss on investment stocks for the purpose of pure investments in the current fiscal year

None

## Top Management

(As of March 25, 2014)

### Directors



Representative Director & Chairman  
Norio Sueyoshi



Representative Director & President  
Tamio Yoshimatsu



Director & Executive Vice President  
Nobuo Shibata

*Responsible for Administrations Division, Planning&Financial Division, SCM Division, External Affairs & Secretariat Office and Career Development Office*



Director & Executive Corporate Officer  
Jiro Wakasa

*General Manager, Commercial Headquarters*



Director & Executive Corporate Officer  
Hideharu Takemori

*Responsible for CSR and Business System Division*



Director & Senior Corporate Officer  
Toshio Fukami

*General Manager, CSR Division*



Director & Senior Corporate Officer  
Shigeki Okamoto

*General Manager, Chugoku Sales Division*



Director & Senior Corporate Officer  
Yoshiki Fujiwara

*General Manager, Kyushu Sales Division*



Director & Senior Corporate Officer  
Yasunori Koga

*General Manager, Administrations Division*



Director & Senior Corporate Officer  
Shunichiro Hombo

*General Manager, Trade Marketing Division Department Manager, Sales Planning Department*



Outside Director  
Shiro Kondo\*

*Representative Director & Chairman, Ricoh Company, Ltd.*



Outside Director  
Vikas Tiku

*Representative Director, Executive Vice President & CFO, Coca-Cola (Japan) Co., Ltd.*

### Audit & Supervisory Board Members

Audit & Supervisory Board Member	Hiroyoshi Miyaki	<i>Standing</i>
Audit & Supervisory Board Member	Tadanori Taguchi	<i>Standing</i>
Audit & Supervisory Board Member (outside)	Zenji Miura*	<i>Representative Director, President &amp; Chief Executive Officer, Ricoh Company, Ltd.</i>
Audit & Supervisory Board Member (outside)	Kazushige Higuchi	<i>President, Kyushu Sogo Shinyo Co., Ltd.</i>
Audit & Supervisory Board Member (outside)	Tomoko Ogami	<i>Attorney, Kunitake Synthesis Law Office</i>

### Management Advisory Committee

Member	Isao Kubota	<i>President, The Nishi-Nippon City Bank, Ltd.</i>
Member	Tsuguo Nagao	<i>Senior Adviser, Nishi-Nippon Railroad, Co., Ltd.</i>
Member	Kazuhiko Enomoto	<i>Representative Director &amp; Chairman, Fukuoka Jisho Co., Ltd.</i>
Member	Masayoshi Nuki	<i>Chairperson, Kyushu Electric Power Co., Inc.</i>
Member	Susumu Ishihara	<i>Representative Director &amp; Chairman, Kyushu Railway Company</i>
Member	Takashi Matsuzaki	<i>Attorney, Tokunaga, Matsuzaki &amp; Saito Law Office</i>

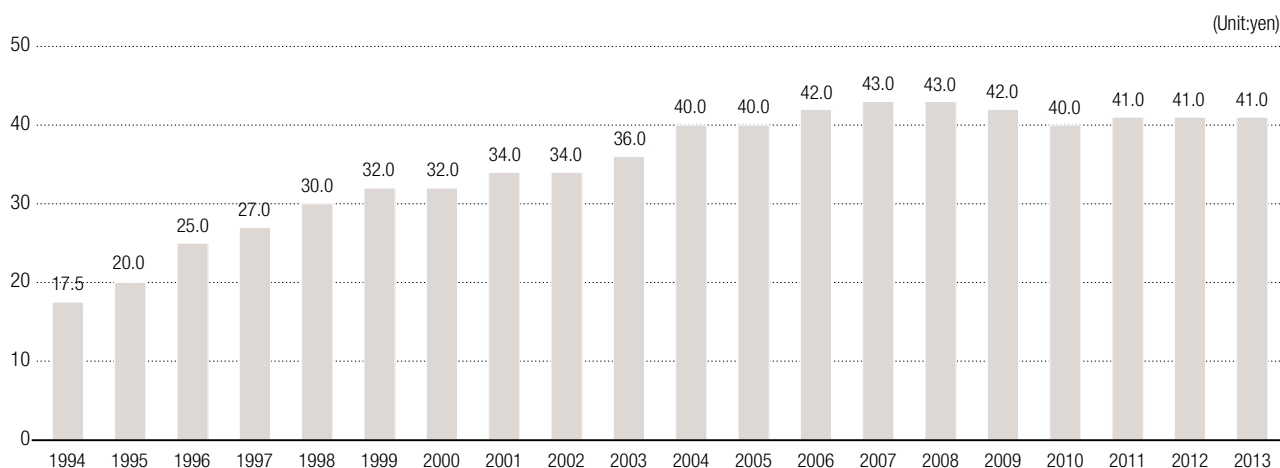
\* As for Director Shiro Kondo and Audit & Supervisory Board Member Zenji Miura, our company submitted notices to Tokyo Stock Exchange Inc. and Fukuoka Stock Exchange, with which our company is listed, as "Independent Director." The qualification for "Independent Director" is determined by criteria and rules set by each security exchange company.

## Dividend Policy and Shareholder Reward Points System

### Dividend

Coca-Cola West places the ultimate priority on the stable and continued payment of dividends surplus to shareholders and pays dividends semiannually, interim and year-end, after fully deliberating on the company's business performance and retained earnings and the future business environment.

Trends of dividend per share



### Shareholder Reward Points System

We provide “Shareholder Reward Points” in late August of the year and late March of the following year to shareholders with 100 or more shares as of June 30 and December 31, respectively.

Shareholders can choose to exchange their Reward Points (one point=¥60) by referring to the shareholder benefit site and the catalog of goods on our website, with assorted Coca-Cola products or to use them as donations to our social contribution activities, etc., via the shareholder hospitality portal on the Coca-Cola West website or from product catalogs.

Awarding Criteria

Effective Date	Number of Shares Held	Details	Time of Award
JUNE 30	100 to 500 shares	30 Reward Points	Late August of the year
	500 to 1,000 shares	40 Reward Points	
	1,000 to 5,000 shares	60 Reward Points	
	5,000 or more shares	120 Reward Points	
DECEMBER 31	100 to 500 shares	30 Reward Points	Late March of the following year
	500 to 1,000 shares	40 Reward Points	
	1,000 to 5,000 shares	60 Reward Points	
	5,000 or more shares	120 Reward Points	

Options for Reward Points (examples)



Coca-Cola product selection



Bath Towel with Coca-Cola West logo



Insulated Bag with Coca-Cola West logo



Donation to Ichimura Shizenjuku-Kyushu

## Stock Information

(As of December 31, 2013)

**Stock Code** : 2579

**Authorized Shares** : 270,000 thousands

**Outstanding Shares** : 111,125 thousands

**Number of Shareholders** : 38,700

**Number of Shares per Trading Unit** : 100

**Stock Exchange Listings\*** :

Tokyo Stock Exchange (First Section)

Fukuoka Stock Exchange

\* Though previously, our company was listed on the Osaka Securities Exchange Co. Ltd., the exchange implemented market integration with the Tokyo Stock Exchange, Inc. as of July 16, 2013. Following this integration, the exchange where our company is listed on and after the date is the Tokyo Stock Exchange, Inc. and the Fukuoka Stock Exchange, a security membership corporation.

## Major Shareholders

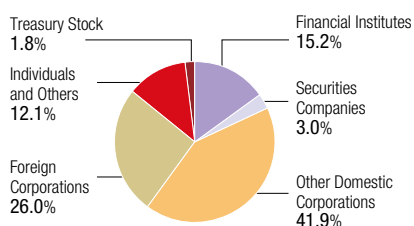
Shareholder	Number of Share Owned (Thousands)	Shareholding Ratio (%)
Ricoh Company, Ltd. ....	16,792	15.4
The New Technology Development Foundation .....	5,294	4.9
Satsuma Shuzo Co., Ltd. ....	4,699	4.3
MCA Holdings Co., Ltd. ....	4,407	4.0
Coca-Cola Holdings West Japan, Inc. ....	4,074	3.7
Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd. ....	3,912	3.6
Japan Trustee Services Bank, Ltd. (Trust Account).....	3,135	2.9
The Nishi-Nippon City Bank, Ltd. ....	2,203	2.0
The Master Trust Bank of Japan, Ltd. (Trust Account) .....	1,987	1.8
Toyo Seikan Group Holdings, Ltd. ....	1,750	1.6

Note: 1,982 thousand shares of treasury stock are not shown in the table above and are excluded from the calculation of shareholding ratios.

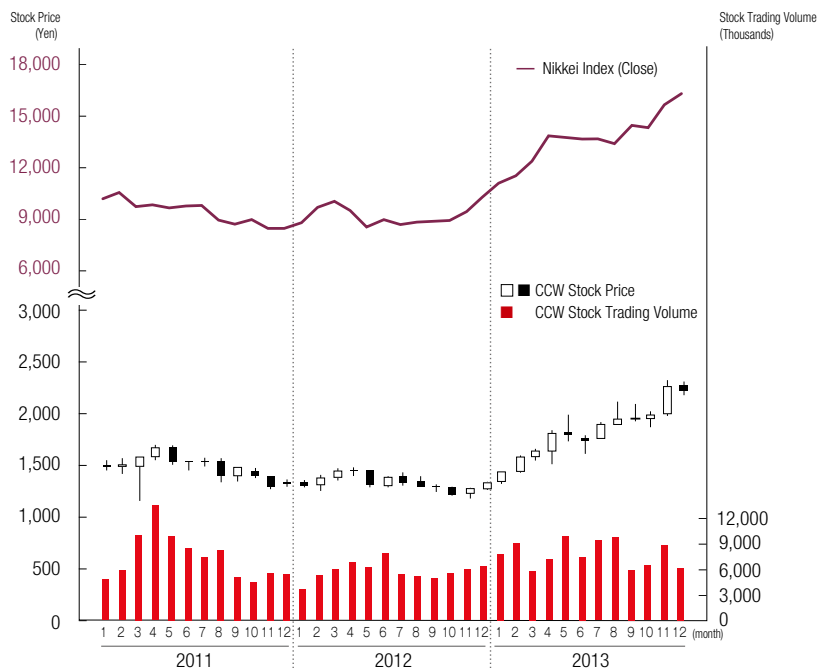
## Number of Shares Held and Percentage of Shares Held by Shareholder Category

	Number of Shareholders (Number)	Number of Shares Owned (Thousands)
Financial Institutes .....	73	16,902
Securities Companies.....	29	3,301
Other Domestic Corporations ..	481	46,515
Foreign Corporations .....	396	28,935
Individuals and Others.....	37,720	13,488
Treasury Stock.....	1	1,982
<b>Total.....</b>	<b>38,700</b>	<b>111,125</b>

### Composition of Shareholders



## Stock Price and Trends in Stock Trading Volume



	2009	2010	2011	2012	2013
<b>Stock Price at year end (Yen)</b>	1,639	1,471	1,335	1,333	2,227

## Credit Rating Information

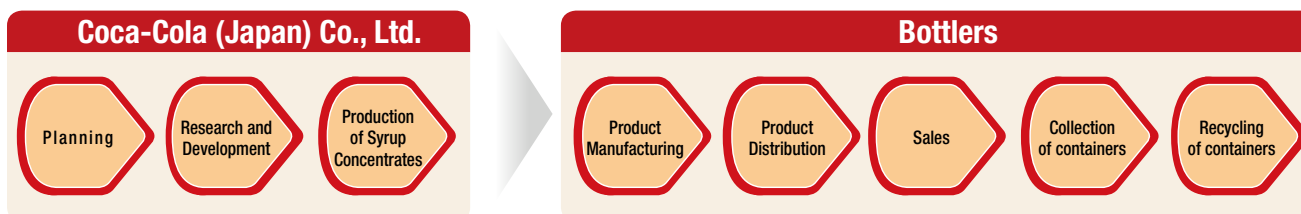
	2009年	2010	2011	2012	2013
Japan Credit Rating Agency, Ltd. (JCR) Long-term senior debt	AA-	AA-	AA-	AA-	AA-
Rating and Investment Information, Inc. (R&I) Long-term senior debt	A+	A+	A+	A+	A+

## Coca-Cola System in Japan

(As of January 1, 2014)

The Coca-Cola System in Japan consists of Coca-Cola (Japan) Co., Ltd. and the regional bottling companies and their affiliates. While Coca-Cola (Japan) Co., Ltd. is responsible for planning and developing new products, producing syrup concentrate and advertising, the regional bottling companies and their affiliates are responsible for producing and selling beverages in their respective regions throughout Japan.

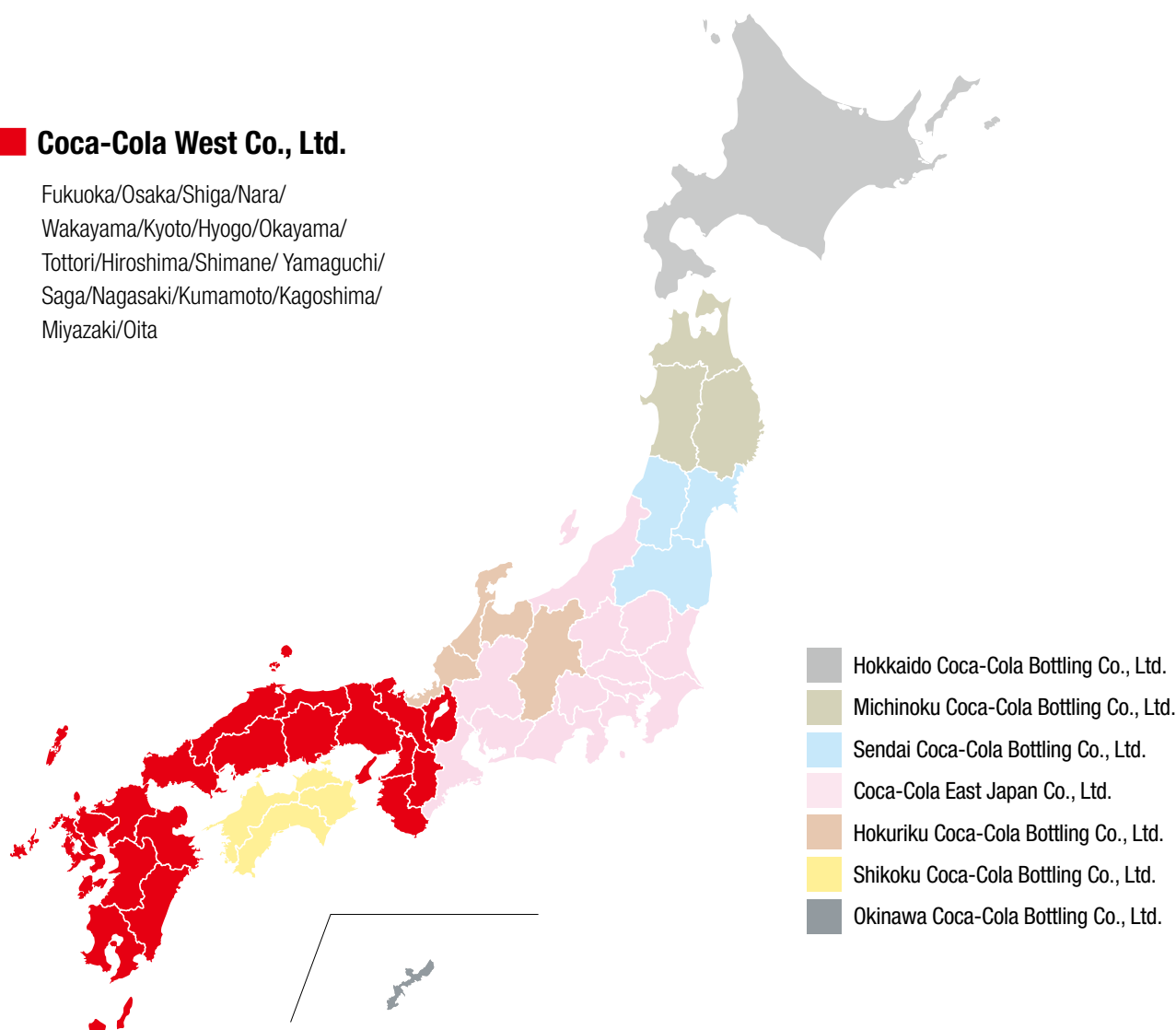
### Roles of Coca-Cola (Japan) Co., Ltd. and Bottlers



### Sales Territories of 8 Bottlers

#### ■ Coca-Cola West Co., Ltd.

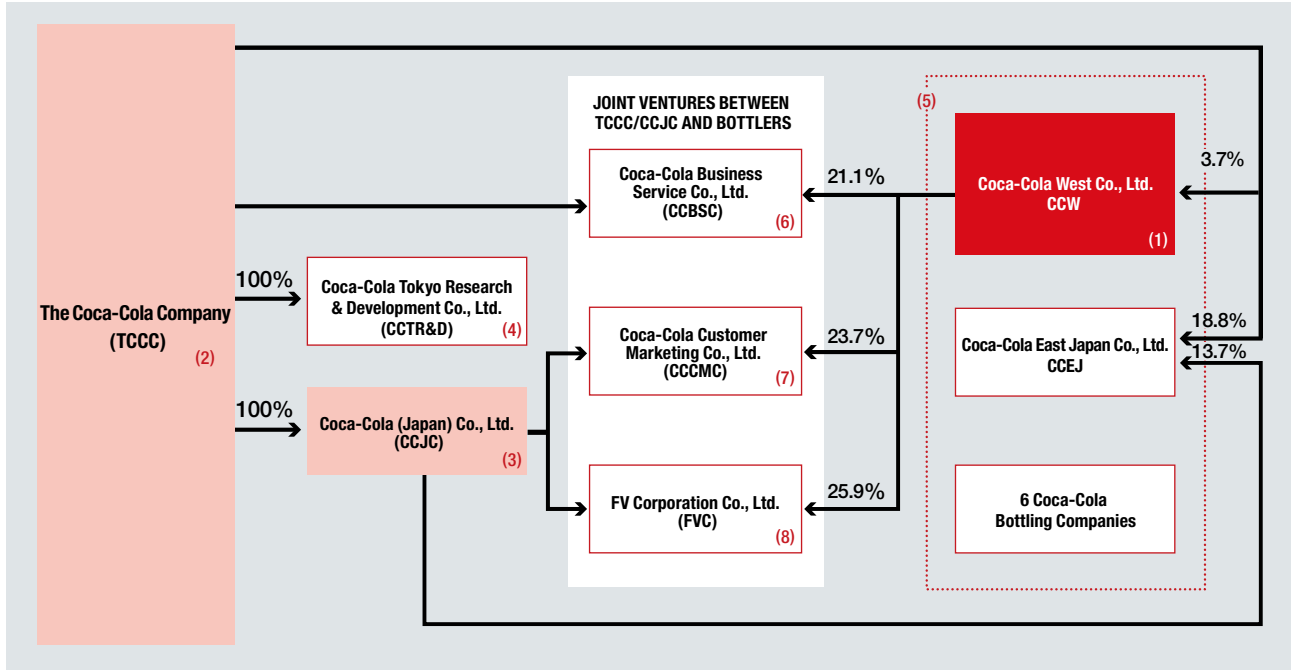
Fukuoka/Osaka/Shiga/Nara/  
Wakayama/Kyoto/Hyogo/Okayama/  
Tottori/Hiroshima/Shimane/ Yamaguchi/  
Saga/Nagasaki/Kumamoto/Kagoshima/  
Miyazaki/Oita



## Investment

→ Investments

Figures show the percentage investment by Coca-Cola West Co., Ltd.



### (1) Coca-Cola West Co., Ltd. (CCW)

In 1999, Kitakyushu Coca-Cola Bottling Co., Ltd. merged with Sanyo Coca-Cola Bottling Co., Ltd. to establish Coca-Cola West Japan Co., Ltd. (CCWJ). In 2001, CCWJ made Mikasa Coca-Cola Bottling Co., Ltd. a subsidiary, and in 2006, integrated the management of Kinki Coca-Cola Bottling Co., Ltd. In 2009, the current Coca-Cola West Co., Ltd. was established. As of April 1, 2013, it made Minami Kyushu Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary and as of April 1, 2014, merged with the wholly owned subsidiary.

### (2) The Coca-Cola Company (TCCC)

Established in Atlanta Georgia in 1919. The Coca-Cola Company holds the rights to grant licenses to bottling companies to produce and sell Coca-Cola products. The Coca-Cola Company and its subsidiaries enter into licensing agreements with bottling companies.

### (3) Coca-Cola (Japan) Co., Ltd. (CCJC)

Established in 1957 in Tokyo as a wholly owned subsidiary of The Coca-Cola Company under the name of Nippon Inryo Kogyo K.K. The company name was changed to Coca-Cola (Japan) Co., Ltd. in 1958. It is responsible for marketing, planning, and manufacturing syrup concentrate 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. It has been carrying out product development and technical support since January 1995 in response to the needs of Japan.

### (5) Coca-Cola Bottling Companies (CCBC)

There are 8 bottling companies in Japan. They produce and distribute Coca-Cola products in their respective territories.

### (6) Coca-Cola Business Service Co., Ltd. (CCBSC)

Established in June 1999 as a joint venture between The Coca-Cola Company and all of its bottling companies in Japan. Its responsibilities are (i) procurement of raw materials and supplies for the Coca-Cola System in Japan, (ii) business consulting to the Coca-Cola organization in Japan, (iii) development of IT systems and maintenance and operation of those IT systems.

### (7) Coca-Cola Customer Marketing Co., Ltd. (CCCMC)

Established in January 2007 as a joint venture between Coca-Cola (Japan) Co., Ltd. and all of the bottling companies in Japan. Its responsibilities are (i) business negotiation with leading retail stores such as nationwide convenience stores and supermarkets, and (ii) creating proposals for sales promotion and storefront activities.

### (8) FV Corporation Co., Ltd. (FVC)

Established in May 2001 as a joint venture between Coca-Cola (Japan) Co., Ltd. and all of the bottling companies. Its responsibilities are to carry out the marketing of the vending machine business to corporations operating in a wide range of territories. It also handles products other than Coca-Cola products.

-Creating a happy tomorrow for everyone-

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*Coca-Cola* **West**

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