

*-Creating a happy tomorrow for everyone-*

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*Coca-Cola* **West**

**2015**

ANNUAL REVIEW

*Coca-Cola West Company, Limited*

### 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 co-existence with local communities in our business activities, and based on these efforts, we contribute to development of a sustainable society.

## Coca-Cola West Co., Ltd. COMPANY PROFILE

(As of December 31, 2015)

**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:** 1,620

<Reference>

**Number of employees (consolidated):** 8,837

•Soft drink business: 8,257

•Healthcare & skincare business: 580

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## CONSOLIDATED FINANCIAL DATA: TRENDS IN KEY FINANCIAL INDICES

	2011	2012	2013	2014	2015
Net Revenues (Millions of yen)	399,717	386,637	431,711	424,406	440,476
Growth Rate in Net Revenues (%)	6.4	(3.3)	11.7	(1.7)	3.8
Operating Income (Millions of yen)	16,469	13,463	15,927	11,008	14,262
Operating Income / Net Revenues (%)	4.1	3.5	3.7	2.6	3.2
Recurring Income (Millions of yen)	16,044	13,845	16,606	10,609	13,723
Recurring Income / Net Revenues (%)	4.0	3.6	3.8	2.5	3.1
Income before Income Taxes, Minority Interests and Other Adjustments (Millions of yen)	14,013	12,186	18,730	8,409	15,228
Income before Income Taxes, Minority Interests and Other Adjustments / Net Revenues (%)	3.5	3.2	4.3	2.0	3.5
Net Income (Millions of yen)	6,997	6,031	13,625	4,482	9,970
Return on Sales (%)	1.8	1.6	3.2	1.1	2.3
Comprehensive Income (Millions of yen)	5,605	7,326	16,332	6,931	11,217
Net Income per share (yen)	69.99	60.33	128.15	41.07	91.35
Return on Equity (%)	3.1	2.6	5.6	1.8	3.9
Return on Assets (%)	4.7	4.1	4.7	3.0	3.8
Total Assets (Millions of yen)	342,560	337,348	374,418	337,260	378,105
Net Assets (Millions of yen)	227,864	231,056	257,936	254,150	260,878
Equity Ratio (%)	66.4	68.4	68.8	75.2	68.9
Net Assets per Share (yen)	2,275.55	2,307.44	2,359.82	2,325.19	2,386.81
Price Book Value Ratio (PBR) (times)* <sup>1</sup>	0.6	0.6	0.9	0.7	1.0
Price Earnings Ratio (PER) (times)* <sup>2</sup>	19.1	22.1	17.4	40.4	26.9
Cash Flow from Operating Activities (Millions of yen)	39,960	26,324	40,082	28,628	40,422
Cash Flow from Investing Activities (Millions of yen)	(34,050)	(14,243)	(16,493)	(9,590)	(24,994)
Cash Flow from Financing Activities (Millions of yen)	(8,780)	(7,149)	(8,286)	(37,498)	22,416
Cash and Cash Equivalents at End of Fiscal Year (Millions of yen)	34,564	39,495	60,275	41,830	79,828
Dividend Payout Ratio (Consolidated) (%)	58.6	68.0	32.0	99.8	44.9
Dividend per Share (yen)	41.00	41.00	41.00	41.00	41.00
(Interim Dividend Amount per Share) (yen)	(20.00)	(20.00)	(20.00)	(20.00)	(20.00)
Interest Coverage Ratio (times)* <sup>3</sup>	58.1	41.8	66.0	50.8	97.2
Depreciation (Millions of yen)	21,371	20,643	23,758	22,943	24,048
Capital Expenditure (Millions of yen)	21,201	20,031	20,242	22,783	16,181
Capital Expenditure for Sales Equipment (Millions of yen)	9,518	8,704	9,501	12,204	10,817
(Share of Capital Expenditure for Sales Equipment)	(45%)	(43%)	(47%)	(54%)	(67%)

\*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 very grateful to all of our shareholders and investors for your continued support.

This report presents information on our business conditions and performance for the year ended December 2015.

### Overview of Business Results for the Fiscal Year 2015

In 2015, the Japanese economy saw a continued moderate recovery, primarily marked by an improvement in employment and income environment, but the weakness in consumer spending remained due to stagnation of recovery in consumer sentiment.

While the soft drink industry experienced growth on the rebound effect from sluggish consumption after a consumption tax increase in April 2014, sales competition has continued intensifying among soft drink companies and the environment around soft drink companies has remained tough as seen in the decline in retail prices.

Under such circumstances, in 2015, we focused our management policy for the soft drink business on (1) "The company must have a zero-based review", drastically re-examining all work, and making an expenses/investment/personnel structure matching the company's capabilities" and (2) "At the customer's starting point, area and channel specific thorough market execution fit to the customers, and aim to meet all numerical targets in revenue, sales profit, sales volume, and market share". On the basis of these efforts, we strove to achieve our management goals while ensuring continuous growth over the future and promoting the creation of a basis for strengthening our earnings capacity.

Furthermore, with the aim of further strengthening the Coca-Cola business in western Japan, CCW acquired 100% ownership of Shikoku Coca-Cola Bottling Co., Ltd. on May 18, 2015, which was made to be a wholly owned subsidiary of CCW. In order to achieve an integration effect, mainly in SCM (supply chain management), CCW and Shikoku CCBC made efforts together to improve productivity and realized cost saving.

In the health food industry, in response to the enactment of the system of foods with function claims in April 2015, health food companies started to introduce foods with function claims and other signs of market revitalization were shown. There are signs of recovery in the health food market which has continued to contract after the consumption tax increase. Also in the cosmetics industry, the consumption environment has been improving and the cosmetics market was seeing growth. In contrast, sales competition is intensifying in both industries due to new entries from different industries and the

environment surrounding companies has become increasingly harsh.

Under such business environment, in the healthcare & skincare business, we will focus on the 2015 strategies of (1) reinforcing the home shopping platform (a marketing strategy in light of the market environment by product category), and (2) implementing a product strategy responding to the new system of foods with function claims. Through these strategies, we will carry out activities where our strengths are used to the utmost extent, thereby striving to achieve sustainable growth.

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," based on our four major supporting activities: 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 striking 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 of the above initiatives, as for our consolidated performance for the period ended December 2015, the company reported net revenues of ¥440,476 million (a 3.8% YOY increase), operating income of ¥14,262 million (a 29.6% YOY increase), recurring income of ¥13,723 million (a 29.4% YOY increase), and net income of ¥9,970 million (a 122.4% YOY increase).

### Future Prospects

Looking at future prospects, as for the soft drink industry, the challenging conditions will continue due to intensified sales competition among soft drink companies as well as soaring raw materials/materials prices stemming from the effect of the fluctuation of exchange rates, coupled with continuous uncertainties about the future, despite the expected recovery in the consumption environment. As for the health food industry and cosmetics industry, sales competition is expected to be increasingly fierce due to new entries from different industries and therefore the challenging conditions will continue.

Under these circumstances, the Coca-Cola West Group formulated the Mid-Term Management Plan 2016-2018 as a second step towards reaching “Long-term Management Concept 2020” to be the guiding principle in fulfilling the sustainable growth and positioned the period from 2016 to 2018 as “3 years to broaden dreams.” In the Mid-Term Management Plan 2016-2018, we aim to achieve respective growth in the soft drink business and the healthcare & skincare business and generate new growth opportunities through collaborations of both businesses.

The year 2016 is the first of the Mid-Term Management Plan 2016-2018. We have established 2016 management policies in the soft drink business: “Advance RGM (Revenue Growth Management): Multiply revenue and profits with identified growth opportunities, appropriate price strategies and effective allocation of promotional costs,” “Transform vending business: Build a winning transformation model even in the severe market environment by reviewing all operation process from scratch spanning from strategy development to execution management in the vending business,” and “Invest for future growth: Make necessary investments effectively in order to reinforce a foundation for sustainable growth and cultivate HR towards the future.” Under such policies, we strive to achieve our business goals, to continue to achieve growth long into the future, and to promote the construction of business foundations that will increase our earnings.

In addition, we have established 2016 management policies in the healthcare & skincare business: “Rebuild the home shopping business: Gain more customers by making proactive investments to implement the measures for attracting consumers based on the diversified consumer behavior as well as increase the number of times purchased and the spending per customer by reinforcing CRM (Customer Relationship Management)” and “Challenge in the new field: Quickly realize the growth by actively launching new products focused on foods with function claims and establishing the home shopping model in the business in the US.” Under such policies, we will carry out activities where our strengths are used to the utmost extent, gain the trust of consumers, and thereby strive to achieve sustainable growth.

The Coca-Cola West Group will further promote its contribution to local communities, environmental preservation and work on energy/resource usage reduction, by promoting existing CSR activities under the concept of CSV (Creating Shared Value), in order to resolve social problems and realize our growth, and we will make all-out efforts to become a company trusted by all of its stakeholders.

## Dividends

As for dividends for the period ended December 2015, taking into comprehensive consideration the company’s performance in FY2015 and the business environment facing us going forward, the annual dividend 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.



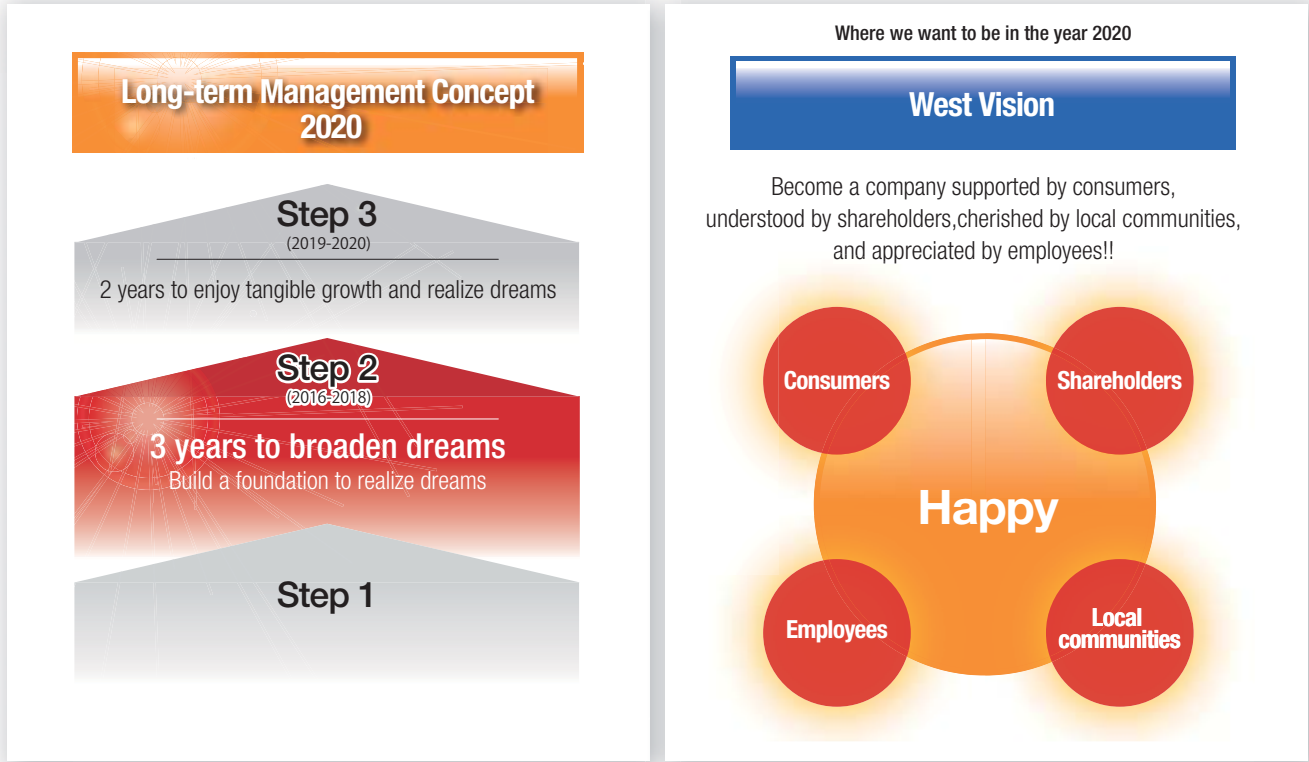
*Tamio Yoshimatsu*

Tamio Yoshimatsu  
Representative Director & President

# MID-TERM MANAGEMENT PLAN 2016-2018 “3 YEARS TO BROADEN DREAMS”

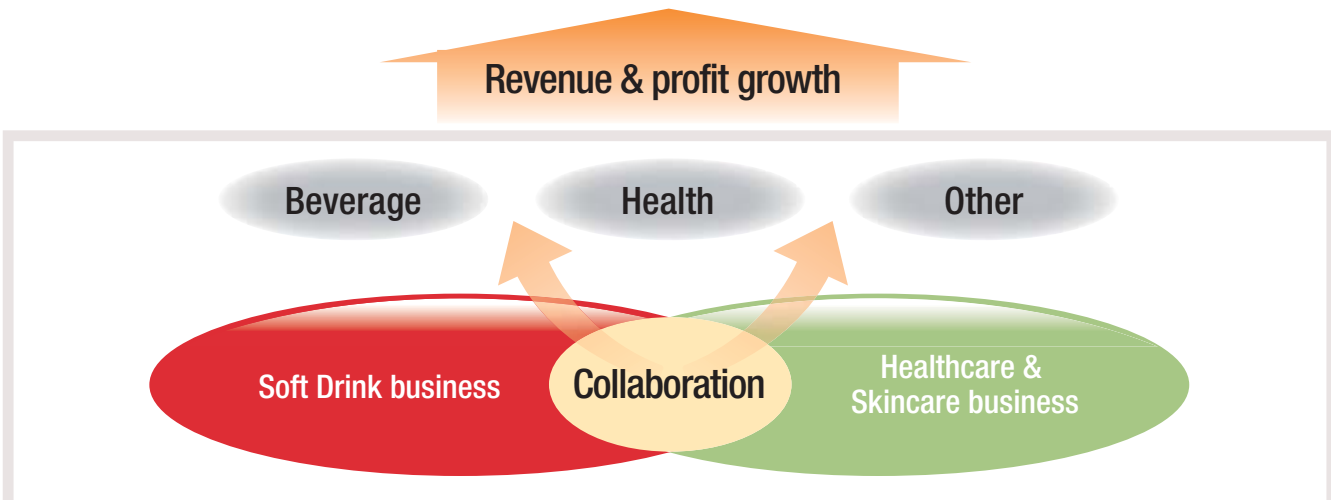
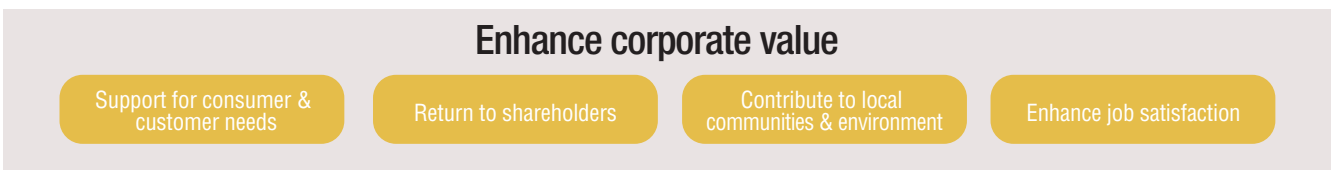
The Coca-Cola West Group raises “Long-term Management Concept 2020” for the period until 2020 to be the guiding principle in fulfilling the sustainable growth.

We formulated the Mid-Term Management Plan 2016-2018 as a second step towards reaching “Long-term Management Concept 2020” and positioned the period from 2016 to 2018 as “3 years to broaden dreams.”

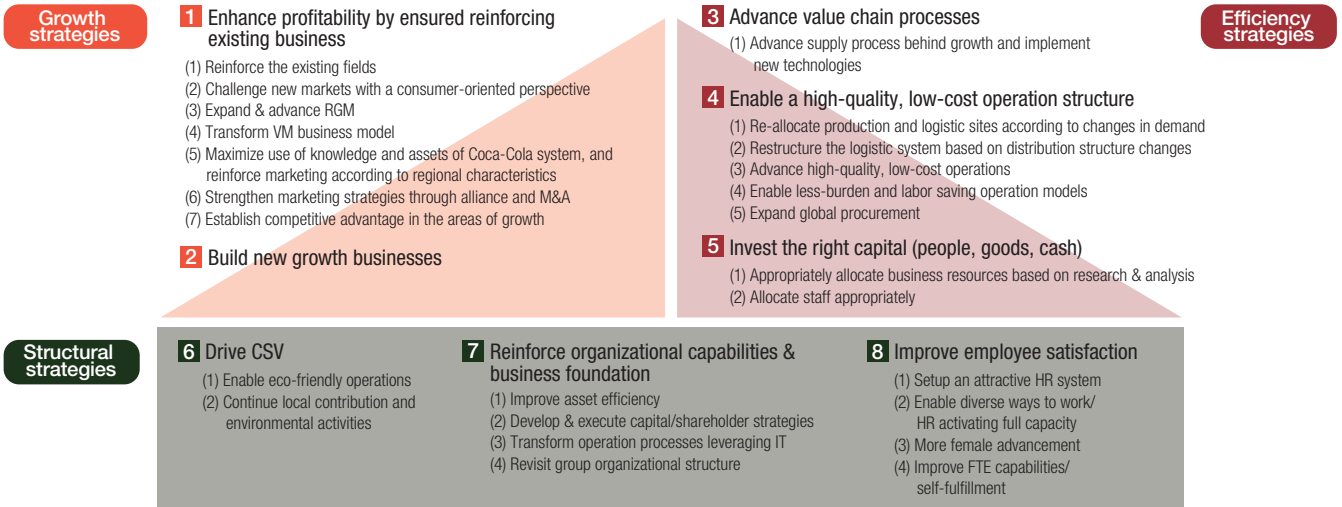


The Coca-Cola West Group aims to achieve respective growth in the soft drink business and the healthcare & skincare business and to generate new growth opportunities through collaborations of both businesses in order to increase revenue and profits as well as to enhance corporate value.

## Coca-Cola West Group Scenario for growth



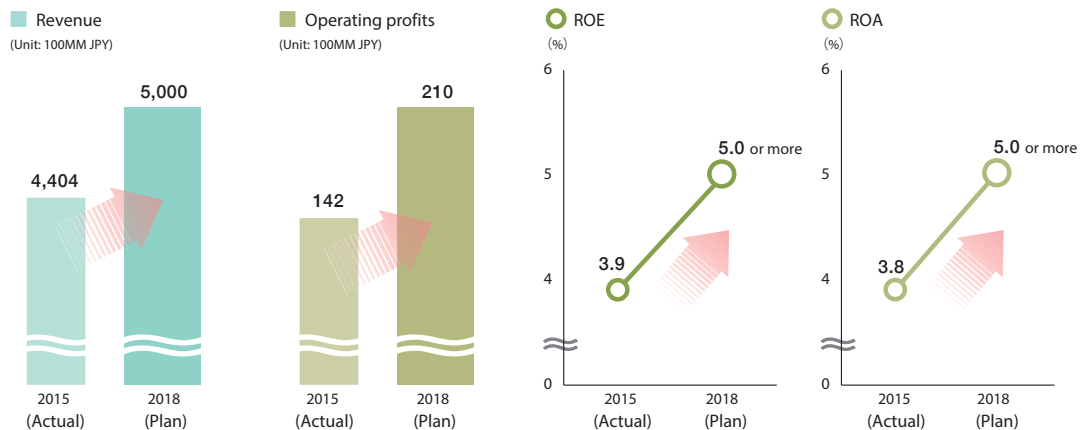
## Soft Drink Business Basic Strategies



## Healthcare & Skincare Business Basic Strategies



## Consolidated management targets



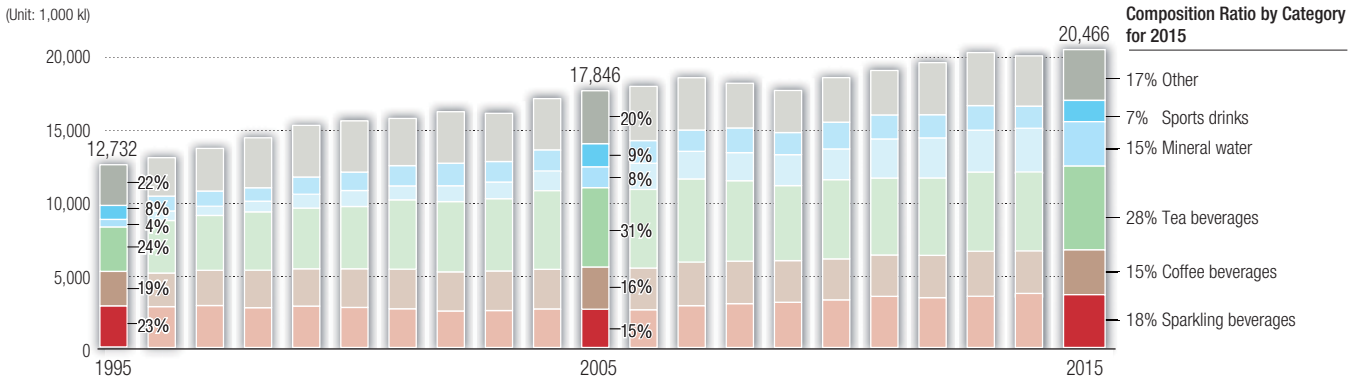
# SOFT DRINK BUSINESS

## Sales Activities

### The Soft Drink Market in Japan

The production volume of soft drinks in 2015 was higher than in the previous year and posted record levels. By category, sparkling beverages, coffee beverages, tea beverages and mineral water increased compared to the previous year. The soft drink market has been growing steadily, approximately 1.6 times in size over the past 20 years.

[ Production Volume of Soft Drinks ]

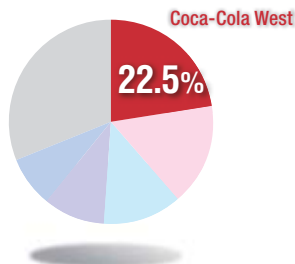


Source: Statistical Report on Soft Drinks, Japan Soft Drink Association, a General Incorporated Association (Data for the year 2015 is preliminary.)

### Overview of our Business Areas

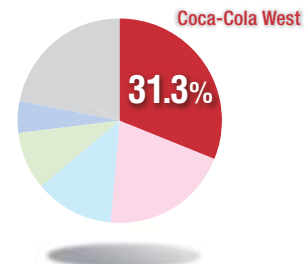
Our company has secured the number one spot in the soft drink industry, and is the number one provider in many of the major categories which include sparkling beverages and canned coffee.

Over-the-Counter Sales Market Share for 2015 (excluding vending machines)



Source: Intage, Inc.

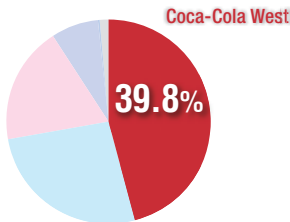
Outdoor Vending Machine Market Share for 2015



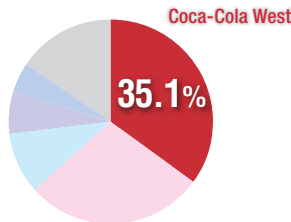
Source: McNET, Inc. (Period of evaluation: May to June)

Over-the-Counter Sales Market Share by Category for 2015 (excluding vending machines)

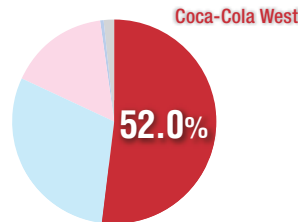
[ Sparkling beverages ]



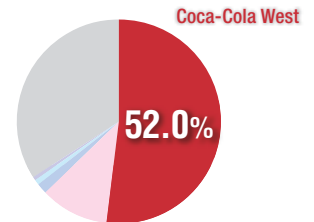
[ Canned coffee ]



[ Blend tea ]



[ Sports drinks ]



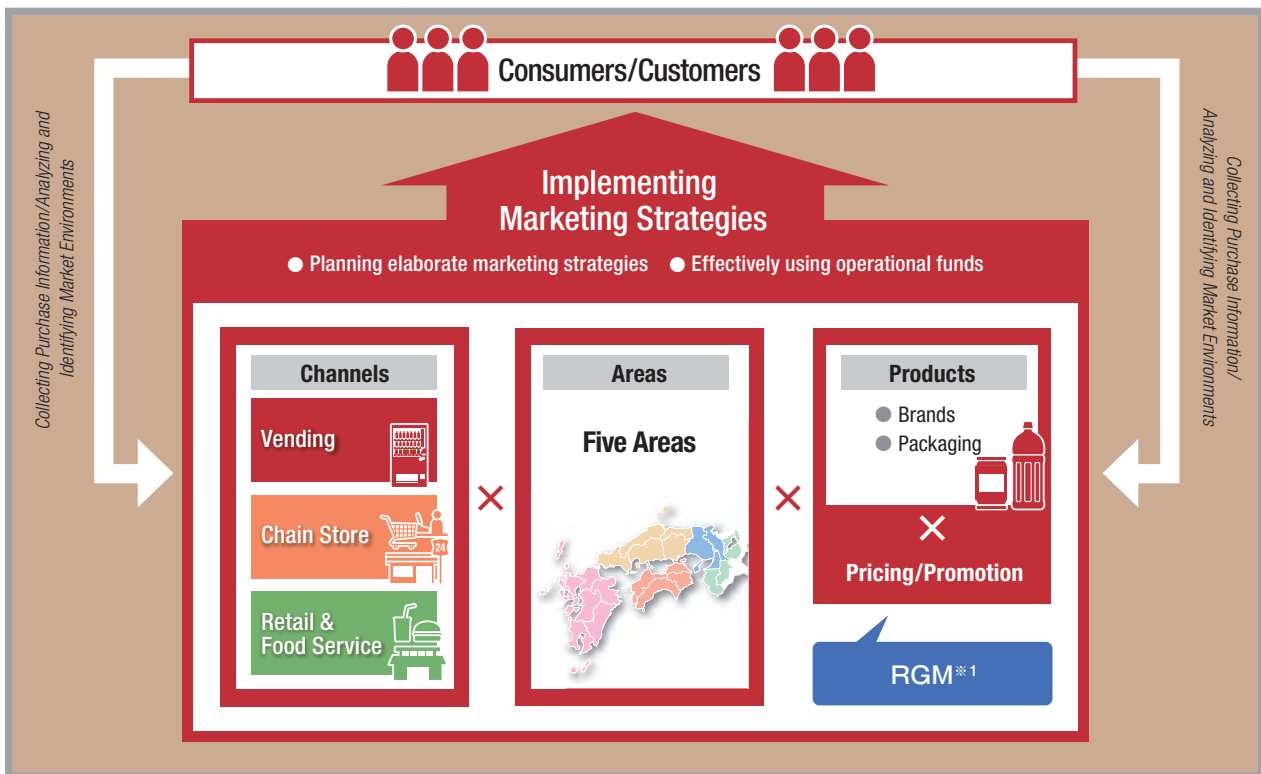
Source: Intage, Inc.



## Overview of Sales Strategies

We are striving for expansion of market shares and sales volume with an increase in net revenues and operating income. This will be conducted by subdividing our areas in each sales channel and implementing an elaborate marketing strategy, depending on customers' characteristics.

Specifically, we fully identify the characteristics of consumers/customers and the competitive environment in each of five areas, and then set a focused brand/packaging as well as an appropriate price and conduct effective promotions in order to implement sales activities in a detailed manner.



### Products (brand/packaging)

The Coca-Cola West is offering and developing various products with the optimum brand/packaging according to the characteristics of customers.



### Pricing / Promotion

Depending on the characteristics of customers and the competitive environment, we have established a price guideline for each product and based on the guideline, we are engaging in business activities. In addition, we conduct an ROI\*2 analysis and are striving to optimize marketing expenses for each condition of customers.

\*2 ROI: Abbreviation of Return on Investment meaning cost-effectiveness

※ 1

#### What is RGM ?

RGM is the abbreviation of Revenue Growth Management and refers to a marketing strategy that is specialized in pursuing the expansion of profit through growth in sales exceeding the growth in sales volume. Under the circumstances where budget-minded consumers increase and harsh competition environment continues, we are striving to enhance the quality of business activities in a bid to achieve growth with an increase in income.

Sales Activities

Product strategies

《Brand Strategies》

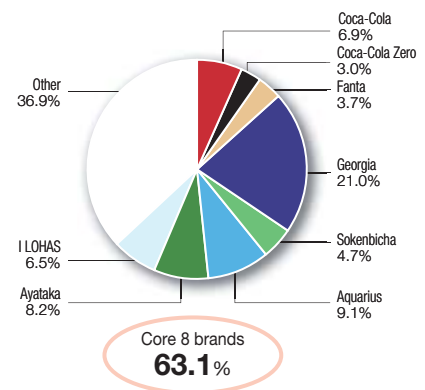
Coca-Cola, Coca-Cola Zero, Fanta, Georgia, Aquarius, Sokenbicha, Ayataka and I LOHAS are our core eight brands. In 2015, particularly in the categories of Sparkling, Coffee and Sugarless Tea, we launched new products and conducted promotions in order to strengthen sales.

Sales Volume by Brand

(unit: 1,000 cases)

	2014	2015	Percentage change
<b>Core 8 Brands</b>			
■ Coca-Cola	15,313	14,755	(3.6)%
■ Coca-Cola Zero	6,928	6,472	(6.6)%
■ Fanta	8,761	7,904	(9.8)%
■ Georgia	45,351	45,215	(0.3)%
■ Sokenbicha	11,005	10,174	(7.6)%
■ Aquarius	20,321	19,492	(4.1)%
■ Ayataka	16,205	17,642	+8.9%
■ I LOHAS	11,852	13,994	+18.1%
□ Other	80,939	79,400	(1.9)%
Total (excluding Shikoku area)	216,675	215,048	(0.8)%
Total (including Shikoku area)	216,675	225,506	+4.1%

Composition of Sales Volume in 2015



Core  
8  
brands

Coca-Cola

Coca-Cola Zero

“Coca-Cola” has been appreciated by people around the world for over 120 years across national borders and cultural frameworks, and is currently sold in more than 200 countries. In 2015, we strove to make the Coca-Cola brand more active by carrying out campaigns to celebrate the 100th anniversary of the “Coca-Cola” bottle. In addition, we launched the “slim bottle” made from aluminum and the “100th anniversary design bottle” as new packaging in order to increase demand.



Slim bottle

100th anniversary design bottle

Georgia

Since its launch in 1975, “Georgia” has been continuously loved by a wide range of consumers as the number one brand of canned coffee beverage. In 2015, in order to celebrate the 40th anniversary of the debut of “Georgia”, the new product “The Premium” was launched as a masterpiece of Georgia, which places a premium on all processes (beans, roast and brewing). In addition, renewal products were launched in the key products, the “Emerald Mountain series” and “European series”, to enhance the attractiveness of the products. Through such efforts, we strove to reinforce the Georgia brand.



Georgia The Premium 185g CAN

Emerald Mountain series

European series



## Ayataka

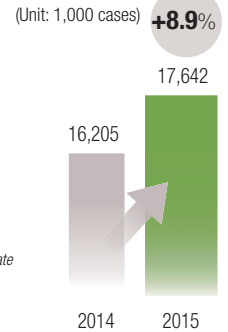
“Ayataka” is characterized by “an authentic green tea taste with a turbidity like flavor brewed in a teapot” using strictly selected domestic tea leaves. In 2015, we showcased the attractiveness of “Ayataka” via TV CM and ensured sales in the optimum sales spaces by displaying the product at deli and Japanese sweets corners in supermarkets. Since its launch in 2007, “Ayataka” has been steadily increasing its sales. The sales volume for Ayataka in 2015 was 17.64 million cases (a 8.9% YOY increase).



Ayataka 525ml



Ayataka Maroyaka Jitate 525ml

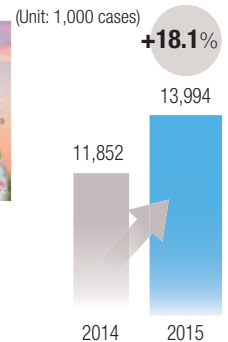


## I LOHAS

“I LOHAS” is natural water collected from the selected places nationwide where there is good water. In 2015, we newly launched “I LOHAS Peach”, flavored water made using extract from peaches produced in Yamanashi Prefecture, which is characterized by its smooth and refreshing aftertaste. In addition, new 2L PET packaging was launched in convenience stores to meet consumer’s needs and strengthen our product lineup. As a result of these activities, the sales volume for I LOHAS in 2015 was 13.99 million cases (a 18.1% YOY increase).



I LOHAS Peach 555ml



### 《Packaging Strategies》

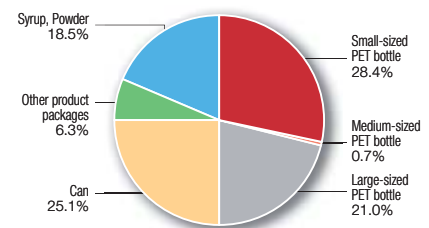
Coca-Cola West has developed various packaging (both in terms of volume and container) for each product it offers. We provide products that meet consumer needs by developing the optimal packaging for each category of customer formats and points of sales.

### Sales Volume by Packaging

(Unit: 1,000 cases)

	2014	2015	Percentage change
PET	■ Small-sized (less than 1,000 ml)	60,030	61,130 (+1.8%)
	■ Medium-sized (less than 1,500 ml)	1,697	1,502 (-11.5%)
	■ Large-sized (1,500 ml or more)	45,262	45,005 (-0.6%)
	Subtotal	106,989	107,637 (+0.6%)
■ Can	55,380	54,020 (-2.5%)	
■ Other product packages	13,900	13,598 (-2.2%)	
■ Syrup, Powder	40,406	39,792 (-1.5%)	
Total (excluding Shikoku area)	216,675	215,048 (-0.8%)	
Total (including Shikoku area)	216,675	225,506 (+4.1%)	

### Composition of Sales Volume in 2015



### Main Packaging Formats

#### Small-sized PET bottle

(Less than 1,000ml)



#### Medium-sized PET bottle

(Less than 1,500ml)



#### Large-sized PET bottle

(More than 1,500ml)



#### Can



#### Syrup, Powder



## Sales Activities

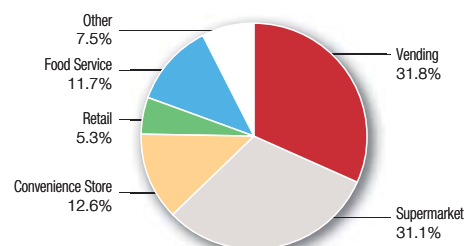
### Channel Strategies

We provide products to consumers from various locations such as vending machines, supermarkets, convenience stores and restaurants. We are implementing detailed sales activities by ensuring product line-ups and the optimum price/sales method according to the location of sales for each sales channel.

#### Sales Volume by Channel

	2014	2015	Percentage change
(unit: 1,000 cases)			
Vending	71,068	68,341	(3.8)%
Supermarket	66,871	66,823	(0.1)%
Convenience store	25,176	27,144	+7.8%
Retail	12,304	11,401	(7.3)%
Food service	23,377	25,213	+7.9%
Other	17,880	16,126	(9.8)%
Total (excluding Shikoku area)	216,675	215,048	(0.8)%
Total (including Shikoku area)	216,675	225,506	+4.1%

#### Composition of Sales Volume in 2015



Vending machine operation

### VENDING

(Vending Machines)

In the vending channel, our products are delivered directly to consumers through about 360 thousand vending machines.

In 2015, we strove to increase sales per machine by introducing new products and creating a thorough optimum product line-up according to characteristics of the location while implementing promotions exclusive for vending machines in order to enable a more enjoyable vending machine experience for our consumers. At the aim of increasing profitability of the vending channel, we also strove to review the location of each specific machine and newly install vending machines based on profitability. In addition, we aimed to obtain new demand through introduction of see-through cup vending machines that allow customers to watch and enjoy the grind and drip process.



Supermarket in-store activities

### CHAIN STORE

(Supermarkets, Convenience Stores, etc.)

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

In 2015, we activated sales locations by carrying out campaigns to celebrate the 100th anniversary of the "Coca-Cola" bottle in supermarkets. Furthermore, we strove to increase sales with profits by implementing detailed sales activities such as selling proper products (category, volume, etc.) at the optimum price according to the business conditions and customers' situations. On the other hand, in convenience stores, we expanded sales by responding to consumers' various needs such as launching products jointly developed with customers.



Business talk with a customer

### RETAIL & FOOD SERVICE

(Kiosk, Restaurants, etc.)

In the retail & food services channel, we are proposing optimum portfolio and sales methods for station/hospital kiosk, restaurants and bars.

In 2015, in restaurants, we aimed to expand the handling of our products, with actions such as adding new products to menus and submitting proposals for a drink menu where our products are included. Meanwhile, at kiosks and hotels, with increasing foreign visitors to Japan, we launched "Coca-Cola" Japanese original design bottles only in our areas in order to expand sales locations. Furthermore, we made efforts to establish the sales system using the Internet with the increasing consumer needs for Internet-based sales.

## Initiatives in SCM

For the purpose of establishing the optimal SCM system in our business area, we have been implementing various activities in procurement, production and logistics.

The Coca-Cola West Group provides fresh and high-quality products to consumers and makes efforts to reduce production costs as well as distribution costs. In production, we continuously make investments in production lines to provide products which meet consumer needs and to improve productivity. Furthermore, in logistics, we strive to establish an optimal distribution network to reduce product inventory as well as distribution costs.

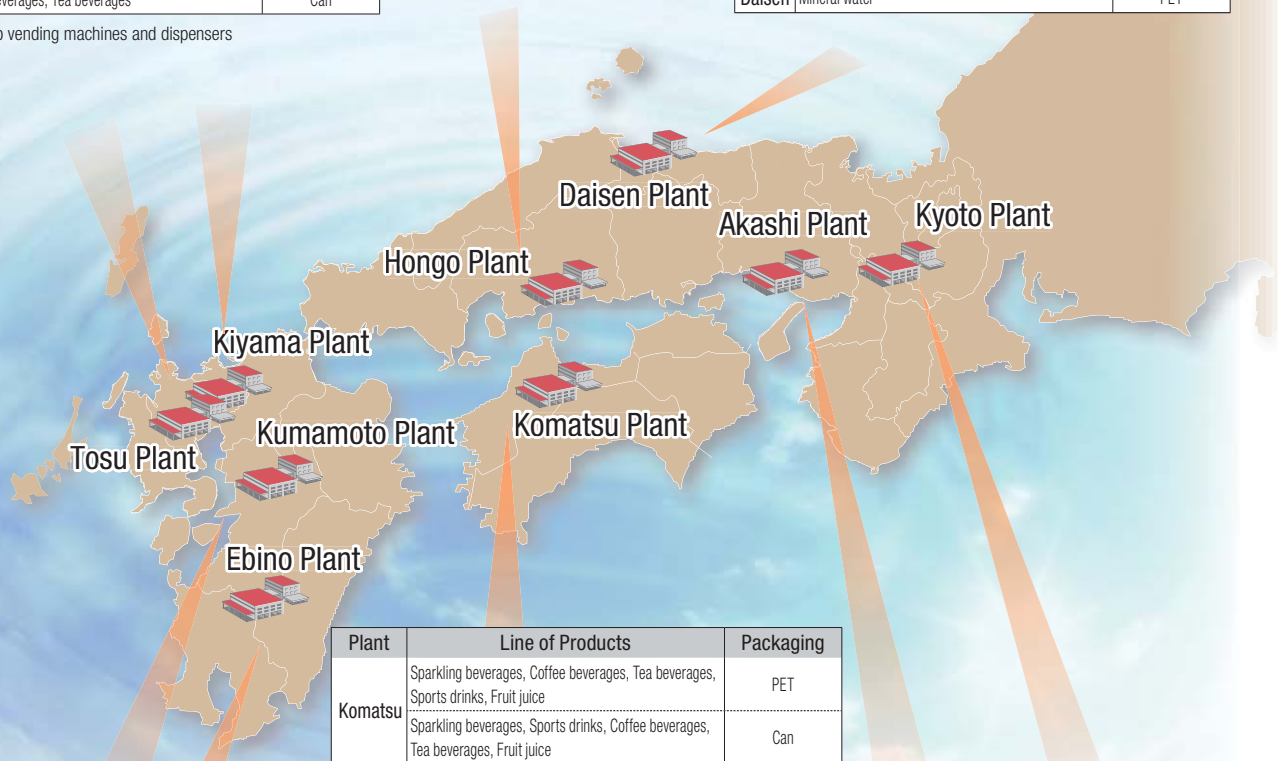
### Our group's 9 plants

Plant	Line of Products	Packaging
Kiyama	Sparkling beverages, Coffee beverages, Tea beverages, Sports drinks, Fruit juice	PET
	Sparkling beverages, Sports drinks	Can
	Sparkling beverages	Tank*
Tosu	Sparkling beverages, Fruit juice	Glass Bottle
	Sparkling beverages	PET
	Coffee beverages, Tea beverages	Can

Plant	Line of Products	Packaging
Hongo	Sparkling beverages, Coffee beverages, Tea beverages, Sports drinks, Fruit juice	PET
	Sparkling beverages, Coffee beverages, Tea beverages	Can

Plant	Line of Products	Packaging
Daisen	Mineral water	PET

\* Products for cup vending machines and dispensers



Plant	Line of Products	Packaging
Komatsu	Sparkling beverages, Coffee beverages, Tea beverages, Sports drinks, Fruit juice	PET
	Sparkling beverages, Sports drinks, Coffee beverages, Tea beverages, Fruit juice	Can

Plant	Line of Products	Packaging
Kumamoto	Sparkling beverages, Fruit juice, Lactic drink	PET
	Coffee beverage	Roasting*
Ebino	Sparkling beverages, Coffee beverages, Tea beverages, Sports drinks, Mineral water	PET
	Coffee beverages, Tea beverages	Can

\* Products for cup vending machines and dispensers

Plant	Line of Products	Packaging
Kyoto	Sparkling beverages, Coffee beverages, Sports drinks, Fruit juice	PET
	Sparkling beverages, Coffee beverages, Tea beverages, Sports drinks, Fruit juice	Can
	Sparkling beverages, Sports drinks, Fruit juice, Lactic drink	Tank*, BIB*
	Coffee beverages	Roasting*
Akashi	Sparkling beverages, Coffee beverages, Tea beverages, Sports drinks, Fruit juice	PET

\* Products for cup vending machines and dispensers

## Coca-Cola System in Japan

(As of January 1, 2016)

The Coca-Cola System in Japan is consisted of the Coca-Cola (Japan) Co., Ltd. engaging in planning / development of products as well as producing syrup concentrates and advertising, and bottling companies engaging in manufacturing / sale of products in various regions across Japan, and other affiliated companies.

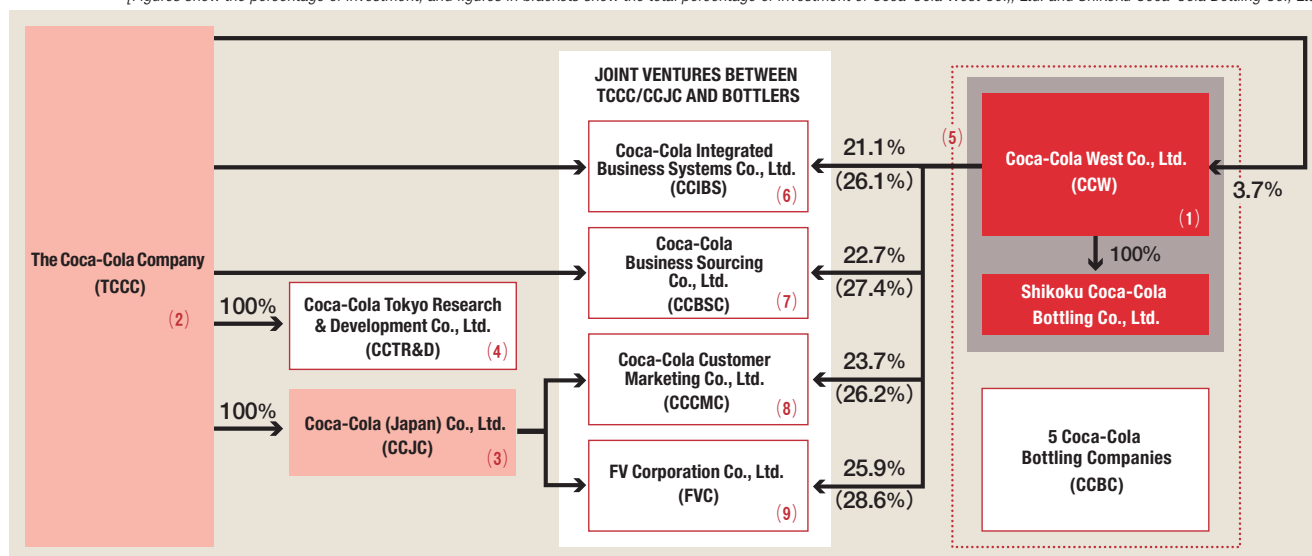
### The roles of Coca-Cola (Japan) Co., Ltd. and bottlers



### Capital relationship

Investments

[Figures show the percentage of investment, and figures in brackets show the total percentage of investment of Coca-Cola West Co., Ltd. and Shikoku Coca-Cola Bottling 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. In 2013, it made Minami Kyushu Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary and in 2014, merged with the wholly owned subsidiary. In addition, as of May 18, 2015, it made Shikoku Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary.

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

Established in Atlanta Georgia in 1892. 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 including Coca-Cola 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. CCTR&D, which was split off from the previous technology development division centering on the U.S. Head Office, has been carrying out product development and technical support in response to the needs of Japan.

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

There are 7 bottling companies in Japan. They produce and distribute Coca-Cola products in their respective territories.

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

CCIBS was established in June 1999 as a joint venture between Coca-Cola (Japan) Co., Ltd. and all bottling companies. It engages in business consulting about Coca-Cola system in Japan, as well as the development of information systems supporting such consulting and the entire maintenance / operation of the information systems.

#### (7) Coca-Cola Business Sourcing Co., Ltd. (CCBSC)

CCBSC was established in August 2015 as a joint venture between Coca-Cola (Japan) Co., Ltd. and all bottling companies. It engages in the entire procurement of raw materials, materials, equipment and indirect materials.

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

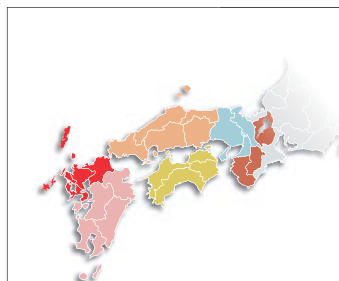
Established in January 2007 as a joint venture between Coca-Cola (Japan) Co., Ltd. and all of the bottling companies in Japan. Its responsibilities are (i) business negotiation with leading retail stores such as nationwide convenience stores and supermarkets, and (ii) creating proposals for sales promotion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

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

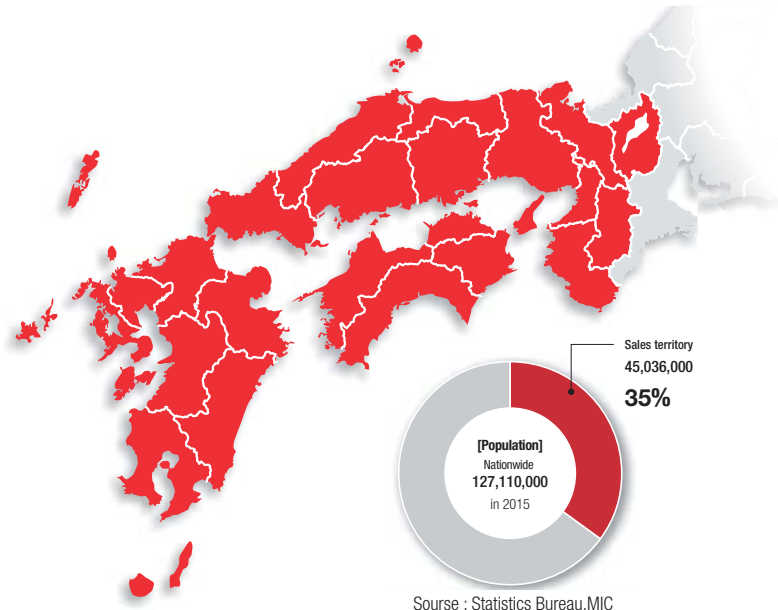
Established in May 2001 as a joint venture between Coca-Cola (Japan) Co., Ltd. and all of the bottling companies. Its responsibilities are to carry out the marketing of the vending machine business to corporations operating in a wide range of territories. It also handles products other than Coca-Cola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

## Sales Territories of Our Company

### 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.
- Shikoku Coca-Cola Bottling Co., Ltd.



Source : Statistics Bureau, MIC

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

<b>1960</b>	The company was established (Nichibei Inryo Co., Ltd., and thereafter, the corporate name changed to Kita Kyushu Coca-Cola Bottling Co., Ltd.).
<b>1999</b>	Merged with Sanyo Coca-Cola Bottling Co., Ltd. Trade name changed to Coca-Cola West Japan Co., Ltd. (CCWJ).
<b>2001</b>	Made Mikasa Coca-Cola Bottling Co., Ltd. (Mikasa CCBC) a subsidiary.
<b>2006</b>	Integrated the management of Kinki Coca-Cola Bottling Co., Ltd. (Kinki CCBC). Joint stock holding company Coca-Cola West Holdings Co., Ltd. (CCWH) was established.
<b>2007</b>	Entered into a capital and business alliance with Minami Kyushu Coca-Cola Bottling Co., Ltd. (Minami Kyushu CCBC) and made a 20-percent investment in Minami Kyushu CCBC and made it an equity-method affiliate.
<b>2009</b>	CCWH, CCWJ, Kinki CCBC, and Mikasa CCBC merged. Coca-Cola West Co., Ltd. (CCW) was established.
<b>2013</b>	Made Minami Kyushu CCBC a wholly owned subsidiary.
<b>2014</b>	Merger of CCW and Minami Kyushu CCBC
<b>2015</b>	Made Shikoku Coca-Cola Bottling Co., Ltd. a wholly owned subsidiary (May 18th)

## Sales Territories of Bottlers (7 companies)

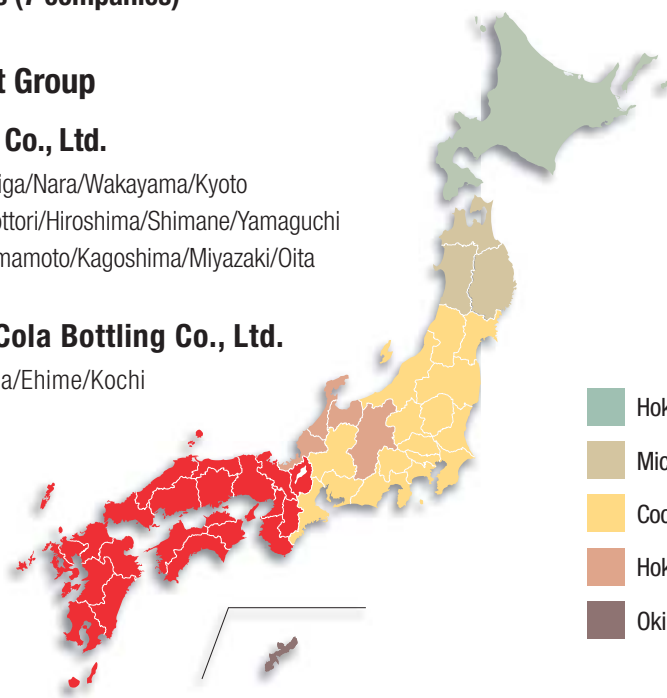
### ■ Coca-Cola West Group

#### Coca-Cola West Co., Ltd.

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

#### Shikoku Coca-Cola Bottling Co., Ltd.

Kagawa/Tokushima/Ehime/Kochi



- Hokkaido Coca-Cola Bottling Co., Ltd.
- Michinoku Coca-Cola Bottling Co., Ltd.
- Coca-Cola East Japan Co., Ltd.
- Hokuriku Coca-Cola Bottling Co., Ltd.
- Okinawa Coca-Cola Bottling Co., Ltd.

# HEALTHCARE & SKINCARE BUSINESS

## Sales Activities

The healthcare & skincare business is conducted by our wholly owned subsidiary Q'sai Co., Ltd. and its four subsidiaries. The Q'sai Group works on a unified basis to provide consumers with high-quality and safe products and services.

### THE Q'SAI GROUP ORGANIZATION



## CHANNEL STRATEGIES

Products are delivered through home shopping and retail stores. In 2015, we focused on home shopping channels, which make up approximately 90 percent of our sales, and took actions for an increase in sales.

### HOME SHOPPING

As for the home shopping channel accounting for about 90% of sales of the healthcare & skincare business, we implemented effective and efficient advertisement according to each product while creating richer content for infomercials.

Specifically, in order to acquire new consumers, we strove to improve the recognition of the Q'sai Group's products in combination with various advertising media including utilization of newspaper inserts and websites. In addition, at our call centers where orders are received from consumers, we provided existing consumers with detailed sales activities such as proposing valuable plans at regularly scheduled times and introducing various products by identifying consumers' characteristics and needs, and strove to promote repeat purchases by consumers.



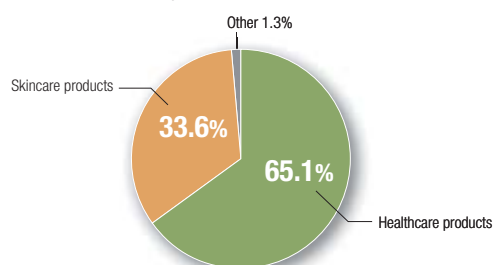
Infomercials



## PRODUCT STRATEGIES

We have released various products, including the healthcare products “Kale Powder”, “Hiza Support Collagen” and “Glucosamine Z”, as well as the skincare product “Cola-rich”.

Net Revenues Composition Ratio by Product for 2015



## HEALTHCARE PRODUCTS

### Kale Powder

Our “Kale Powder” contains 100% domestically grown and hand-picked kale which is free of both pesticides and chemical fertilizers. “Kale Powder” contains a substantial amount of various nutrients which tend to be insufficient in the human diet such as beta-carotene, calcium, potassium, Vitamin C and dietary fiber, which is useful to supplement shortages in vegetables. 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, under strict hygiene management and a stringent check system. In 2015, we expanded the product lineup of the Kale Powder series with the aim of acquiring new consumers. Furthermore, we strove to improve the recognition of “Kale Powder” by reviewing the contents and broadcasting time zone of our TV CM to showcase the appeal of “Kale Powder” to a wide range of consumers.



### Hiza Support Collagen

In response to the enactment of the system of foods with function claims in April 2015, we renewed the product name of “Hyaluronan Collagen” and newly launched the product as “Hiza Support Collagen”, the first food that claims knee joint support in Japan. “Hiza Support Collagen” contains a functional substance “collagen peptide” and shows its effectiveness when bending and stretching knee joints. In 2015, we worked to showcase the attractiveness of the product including its functionality and its ease of use by changing the contents of infomercials. Furthermore, by increasing the frequency of broadcasting infomercials in response to the renewal, we aggressively implemented sales promotion in order to increase sales.



## SKINCARE PRODUCTS

### “Cola-rich” Series

“Cola-rich” is an all-in-one beauty gel cream, with all the functions of a lotion, milky lotion, serum and skin cream contained in one product. In 2015, at the aim of enhancing sales, we strove to enrich the product lineup of the “Cola-rich” series by newly launching related items: “Cola-rich Medicated Whitening BB Cream” which enables skin whitening and makeup; “Cola-rich Medicated Whitening Gel Cream” which is an all-in-one gel cream with moisturizing properties and whitening functionality; and “Cola-rich Night Cream Repair” containing beauty ingredients to give skin resilience.



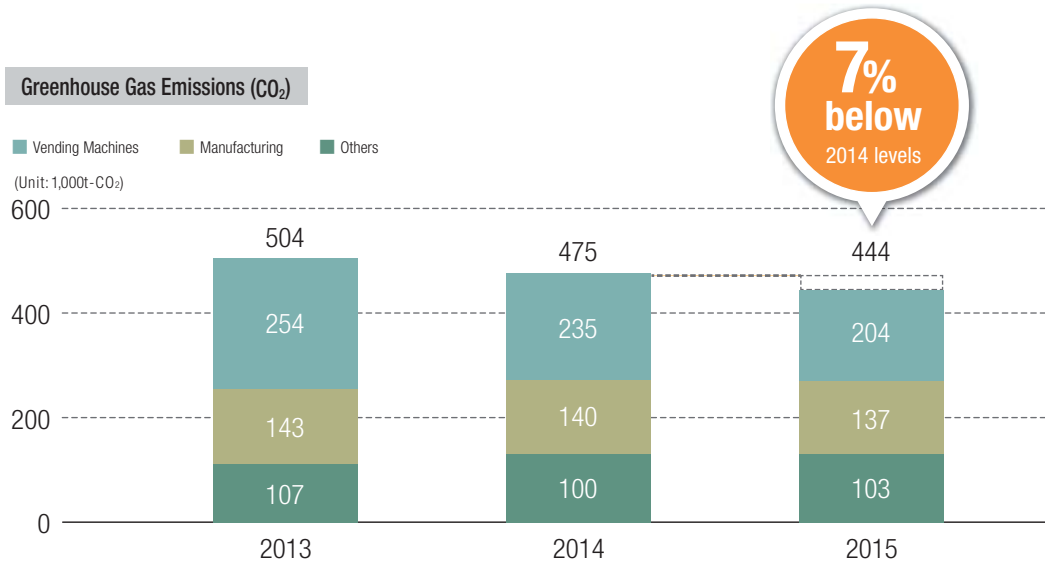
Cola-rich Medicated Whitening BB Cream  
 Cola-rich Medicated Whitening Gel Cream  
 Cola-rich Night Cream Repair

# CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

## Global Environmental Protection Activities

### Initiative for Energy Usage Reduction – Initiative against Global Warming –

In the soft drink business, we are striving to reduce our energy usage and greenhouse gas emissions (CO<sub>2</sub>) which cause global warming, because we want to leave a habitable global environment for future generations. Greenhouse gas emissions in 2015 were reduced by 7% from the previous year as efforts on active vending machines and in manufacturing processes were made successfully.



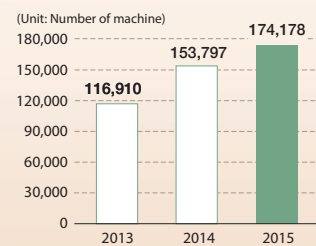
### MAJOR INITIATIVES

#### Vending Machines

We are promoting the introduction of more non-Freon Environmentally Friendly Vending Machines that have a low global-warming effect. Especially, we are promoting the installation of heat pump type vending machines, which realize the effecting heating of products, to reduce power consumption.

In addition, we are striving to further improve environmental performance by introducing vending machines equipped with solar panels, those with LED lighting, and Peak Shift Vending Machines that reduce the consumption of electricity during the daytime by 95%. As of the end of December 2015, we had placed about 170,000 Environmentally Friendly Vending Machines.

#### Transition of number of Environmentally Friendly Vending Machines in Service



#### Manufacturing

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.\*

##### \*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.

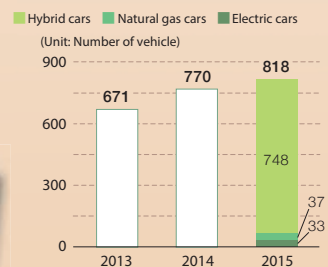


#### Other

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.



#### Number of Eco-Cars



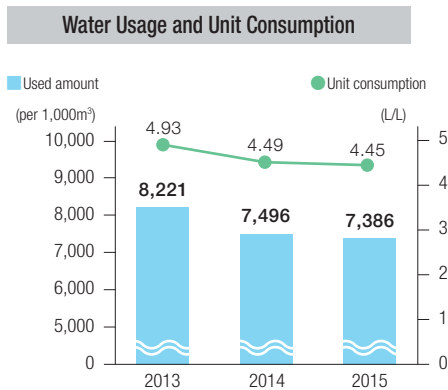
## Water Resource Protection Activities

In the Soft Drink Business, 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 2015 was 4.45 L/L on unit consumption\*.

\*Unit consumption:  
Volume of water necessary to produce 1L of a product.



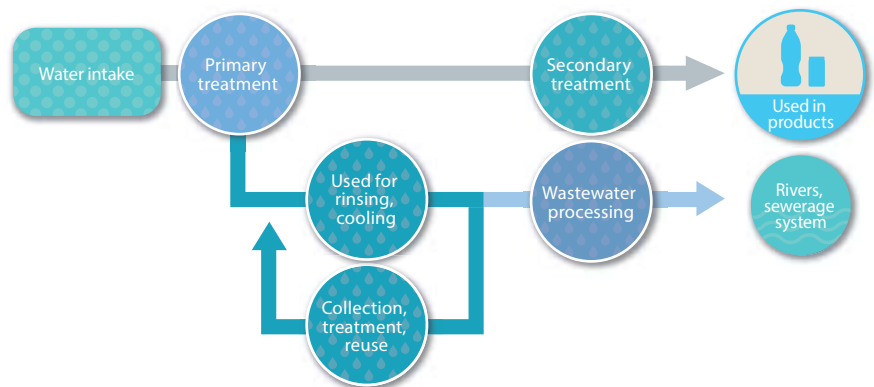
### Water Recycling

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.

### 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 near our group's plants, thereby striving to protect these water-producing regions.

**Plant Water Treatment Flow Chart**



## 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.

The Coca-Cola West Group works to reduce wastes generated in our manufacturing processes as well as to sort and recycle such wastes. In 2015, we recycled more than 99% of all our waste products following the prior year. Among them, 100% of coffee grounds/tea leaves and paper waste, which constitute a large portion of the waste products, have been reused.

Furthermore, collected containers are sorted into steel cans, aluminum cans, PET bottles, and glass bottles for recycling. Even though our vending machines are subject to waste processing, they are disassembled and sorted into their component parts at the end of their life cycle so that they can be recycled into steel materials and other items.

**Volume and Recycling Rate of Waste from Production Plants in 2015**

Waste type	Volume Generated (Tons)	Recycling Rate	Recycling Usage
Coffee grounds	28,205	100.00%	Fertilizer, Feed
Tea leaves	13,418	100.00%	
Slurry	7,481	99.97%	
Waste plastic	1,120	99.80%	Recycled plastic, Fuels
Glass	208	99.98%	Recycled cullet
Metals	238	98.50%	Recycled iron and steel, Aluminum cans
Waste oil	13	98.40%	Recycled oil
Paper	1,218	100.00%	Cardboard, Recycled paper
Other	1,004	82.09%	Base course material
<b>Total</b>	<b>52,905</b>	<b>99.64%</b>	

## Quality Control Initiatives

In the Soft Drink Business, we strive to maintain thoroughgoing quality management in every aspect of our business until our products are in consumers' hands in order to provide safe, secure, and high-quality products.

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



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

Through vending machine business, which is a major sales channel in the Soft Drink Business, we are striving to develop local communities and contribute to the safety of local residents. We will continuously respond to social responsibilities called on a company.

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

We engage in activities that support local communities through our vending machines. When consumers purchase our products from these vending machines, a portion of the sales proceeds is used to support social contribution activities and sports organizations within the community. This allows us to work together with our customers and consumers in supporting local communities.



### 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.



### Super Energy-Saving Peak Shift Vending Machines

"Peak Shift Vending Machines" 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 improved the insulation and airtightness of our vending machines compared to previous models. These machines enhance product cooling efficiency 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.



Peak Shift Vending Machine

## Local Community Contribution Activities

With the consent of our shareholders, we use surplus financial resources to fund activities contributing to local communities.

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
- ▶ Retained earnings at beginning of year

## LOCAL COMMUNITY CONTRIBUTION

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



### 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 2015, we donated teaching tools to 9 special-needs schools.



### 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.

In 2015, we donated 660 unicycles to 69 public elementary schools.



### 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 2015, rugby clinics were held in Fukuoka, Osaka, and Kagoshima 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 2015, we held the “Wiener Ring Ensemble” in Fukuoka, and the concert of “Yuzuko Horigome (Violin) & Osaka Symphony Orchestra conducted by Hikotaro Yazaki” in Osaka. These masterful performances were a real treat for attendees.



### Family Musical

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

In 2015, we arranged performances of “Rudolf and Ippaiatena” in Shiga and Okayama. Attendees enjoyed the performances with their families.



### Ichimura Shizenjuku-Kyushu

“Ichimura Shizenjuku-Kyushu” adopts the basic ideal of “Learn strength to live from the earth”. Through farming activities and communal life, the program offers children some opportunities to learn rules as a person should keep and moral principles and promotes independence and creativity, and thereby we support the management of such activities.



## LOCAL ENVIRONMENT IMPROVEMENT

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 the plants of the soft drink business 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.

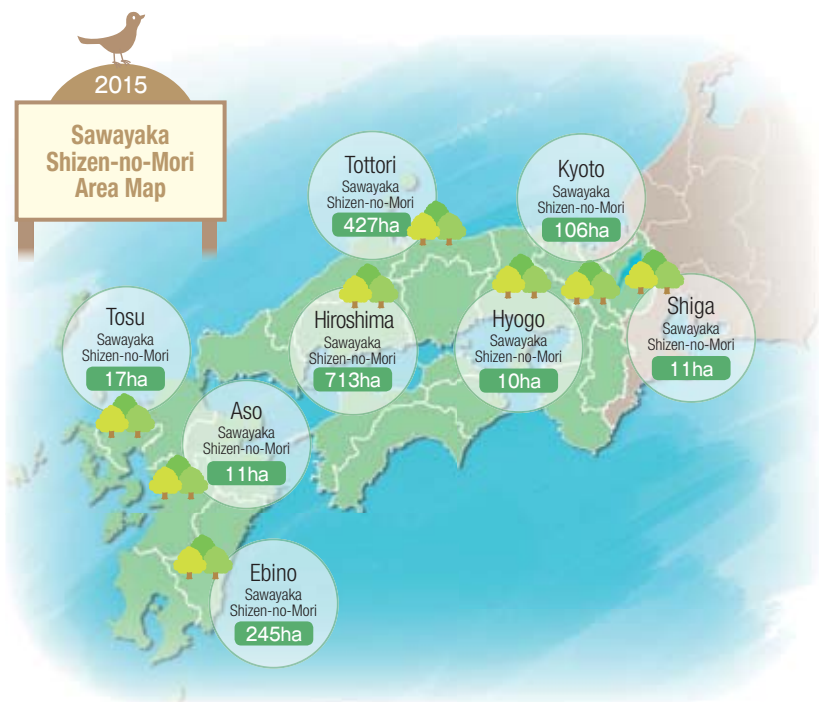
In 2015, as many as 500 community residents, including our employees and their family members, participated in activities at the Sawayaka Shizen-no-Mori in the prefectures of Shiga, Kyoto, Hyogo, Tottori, Hiroshima, Saga, Kumamoto, and Miyazaki. Through pruning and trimming activities, we worked to protect the forest and strove to promote environmental education among children.



### Environmental Education Support

As a company that uses cherished water, we implement environmental education support to deepen the understanding of children about water that is fostered by forests and the global environment.

In 2015, we held a workshop for around 30 local elementary school children at the Hongo Plant in Hiroshima Prefecture and at Hiroshima Sawayaka Shizen-no-Mori that provides water resources to the plant. At the workshop, children saw the manufacturing process where water is turned into products, and planted nursery trees of Japanese cypress (Hinoki).



### Local Community Cleanup Activities

Cleanup activities for roads and public places around our offices are carried out 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 order to beautify the areas.

## FINANCIAL INFORMATION

## Business Results for Fiscal 2015

## Operating Results

## ■ Net Revenues

Net revenues increased by ¥16,069 million from the previous year to ¥440,476 million (a 3.8% YOY increase). By business, in the Soft Drink Business, despite unseasonable weather in summer, net revenues increased ¥17,015 million from the previous year to ¥407,635 million (a 4.4% YOY increase) as a result of the acquisition of the whole shares of Shikoku Coca-Cola Bottling Co., Ltd., as of May 18, 2015 which was included in our consolidated financial statements with June 30 2015 of the deemed acquisition date. In the Healthcare & Skincare Business, net revenues decreased ¥946 million from the previous year to ¥32,840 million (a 2.8% YOY decrease) due to decreased sales.

## ■ Operating Income / Recurring Income

Operating income increased ¥3,254 million from the previous year to ¥14,262 million (a 29.6% YOY increase). By business, in the Soft Drink Business, operating income increased ¥3,107 million from the previous year to ¥11,209 million (a 38.4% YOY increase) reflecting a slash in costs throughout the company and the effect of the above-mentioned new consolidation. In the Healthcare & Skincare Business, revenues decreased, but operating income increased ¥146 million from the previous year to ¥3,052 million (a 5.0% YOY increase) backed by efforts made to allot SG&A expenses effectively.

Recurring income increased ¥3,114 million from the previous year to ¥13,723 million (a 29.4% YOY increase) thanks principally to increased operating income.

## ■ Net Income

In addition to an increase in recurring income, we reported gains on negative goodwill as extraordinary income which were associated with the inclusion of Shikoku Coca-Cola Bottling Co., Ltd. in our consolidated financial statements in the current period, and impairment losses on goodwill relating to the Healthcare & Skincare Business as extraordinary losses. Reflecting those factors, net income increased ¥5,488 million from the previous year to ¥9,970 million (a 122.4% YOY increase).

## Financial Position

Our equity ratio as of the end of current period was 68.9%, indicating that the company remains in sound standing.

## ■ Assets and Liabilities

Net assets at the end of the current period increased ¥40,845 million from the end of the previous year to ¥378,105 million (a 12.1% YOY increase). This is mainly attributable to an increase in cash equivalents as a result of issuance of ¥30,000 million bonds, coupled with the inclusion of Shikoku Coca-Cola Bottling Co., Ltd. in our consolidated financial statements.

Liabilities at the end of the current period increased ¥34,117 million from the previous year to ¥117,227 million (a 41.1% YOY increase). This is primarily due to the effect of the above-mentioned issuance of bonds.

## ■ Net Assets

Net assets as of the end of the current period increased ¥6,727 million from the previous year to ¥260,878 million (a 2.6% YOY increase). This is mainly attributable to an increase in retained earnings resulting from the reporting of net income.

## ■ Consolidated Cash Flows

## NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities was positive ¥40,422 million (positive ¥28,628 million in the previous year period). Net cash provided by operating activities for the current year increased ¥11,793 million from the previous year. This is mainly attributable to an increase in net income before income taxes and other adjustments, as well as changes of account receivables and changes of inventories.

## NET CASH PROVIDED BY/USED IN INVESTING ACTIVITIES

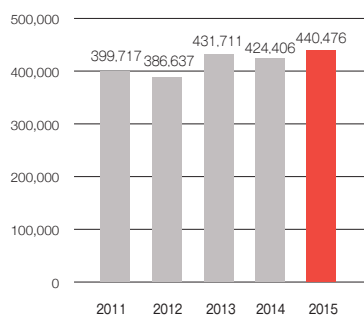
Net cash provided by/used in investing activities was negative ¥24,994 million (negative ¥9,590 million in the previous year period). Net cash provided by/used in investing activities for the current period decreased ¥15,403 million from the previous year period due to payments for the acquisition of shares of subsidiaries associated with changes of scope of consolidation and other factors.

## NET CASH PROVIDED BY/USED IN FINANCING ACTIVITIES

Net cash provided by/used in financing activities was positive ¥22,416 million (negative ¥37,498 million in the previous year period). Net cash provided by/used in financing activities for the current period increased ¥59,915 million from the previous period. This is attributable to proceeds from issuance of bonds and other factors.

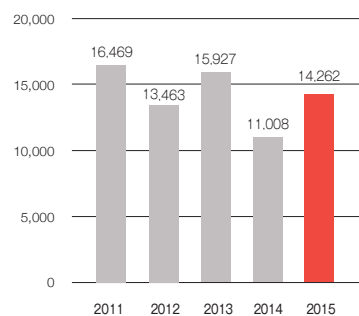
## Net Revenues

(Unit: Millions of yen)



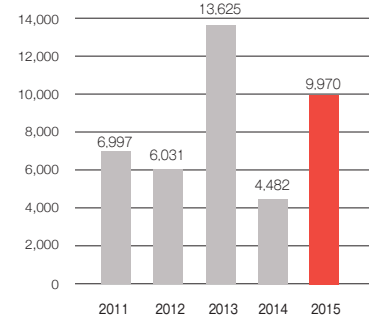
## Operating Income

(Unit: Millions of yen)



## Net Income

(Unit: Millions of yen)





## Business Results by Business Segment

### Soft Drink Business

On the sales side, we focused our efforts on an increase in sales generating profits by carrying out detailed sales activities that respond to the needs of each of our consumers thoroughly ensuring product line ups depending on specific retail locations as well as an optimal price and way to sell in each of our sales channels.

As for product strategy, we strengthened a competitive edge in the categories of sparkling beverages, sugarless teas and coffee beverages. As channel strategy, we pursued the strategy by addressing challenges that respective sales channels faced with the aim of the expansion of sales and increase of profitability. Moreover, we strengthened our joint marketing with The Coca-Cola Company and Coca-Cola (Japan) Co., Ltd., thereby striving to push with initiatives that lead to a sustainable growth of Coca-Cola business.

In the area of SCM (Supply Chain Management), we introduced state-of-the-art technologies and changed materials used for containers of products from steel to aluminum. Through these measures, we enhanced the added-value of products while seeking to reduce the use of materials. Moreover, through establishment of an optimal supply network, including Shikoku Coca-Cola Bottling Co., Ltd., we made efforts to improve productivity in a bid to trim production and logistic costs while reducing inventories of products and disposed products.

In addition, "to carry out a zero-based review," we worked on the enhancement of the quality of operation and productivity through drastic reviews of our entire operation centering on the Operations Recovery Committee launched in 2015. Furthermore, the Operations Improvement Committee established that year, promoted a joint procurement of indirect materials to curtail medium-term procurement costs.

As a result of these efforts, our net revenues in this business for the period ended December 2015 were ¥407,635 million (a 4.4% YOY increase) with an operating income of ¥11,209 million (a 38.4% YOY increase).

### Healthcare & Skincare Business

Looking at product category, to increase sales in both areas of healthcare and skincare, we allocated new products, coupled with the strengthening of major products. In addition, as channel strategy, in home shopping sales, a major sales channel, we were enhancing the contents of its programs while efficiently and effectively allocating advertisement expenses depending on products, together with optimal combination of advertising media. Backed by these measures, we acquired new customers and prompted existing customers to continue purchasing our products.

Despite these efforts, our net revenues in this business for the period ended December 2015 were ¥32,840 million (a 2.8%YOY decrease), but operating income was ¥3,052 million (a 5.0% YOY increase).

(Unit: Millions of yen)

	2014			2015		
	Soft Drink Business	Healthcare & Skincare Business	Total	Soft Drink Business	Healthcare & Skincare Business	Total
Net revenues	¥ 390,620	¥ 33,786	¥ 424,406	¥ 407,635	¥ 32,840	¥ 440,476
Segment income*1	¥ 8,102	¥ 2,905	¥ 11,008	¥ 11,209	¥ 3,052	¥ 14,262

(Unit: Thousands of U.S. dollars)\*2

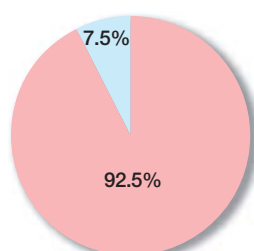
	2014			2015		
	Soft Drink Business	Healthcare & Skincare Business	Total	Soft Drink Business	Healthcare & Skincare Business	Total
Net revenues	\$ 3,246,780	\$ 280,827	\$ 3,527,608	\$ 3,388,213	\$ 272,962	\$ 3,661,175
Segment income*1	\$ 67,344	\$ 24,152	\$ 91,497	\$ 93,175	\$ 25,369	\$ 118,545

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

\*2 Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

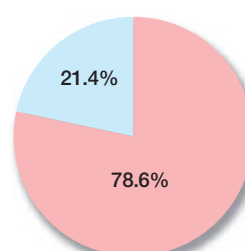
Net Revenues Composition Ratio for 2015

■ Soft Drink Business  
■ Healthcare & Skincare Business



Operating Income Composition Ratio for 2015

■ Soft Drink Business  
■ Healthcare & Skincare Business



## Consolidated Balance Sheets

(As of December 31)

	2013	2014	(Unit: Millions of yen) 2015	(Unit: Thousands of U.S. dollars) <sup>*</sup> 2015
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Deposits	¥45,632	¥41,996	¥49,955	\$415,222
Trade Notes and Accounts Receivable	26,876	27,797	30,086	250,074
Marketable Securities	25,132	100	30,001	249,364
Merchandise and Finished Goods	26,621	25,659	27,735	230,530
Work in Process	566	547	600	4,994
Raw Materials and Supplies	2,071	2,166	2,305	19,165
Deferred Tax Assets (Current Portion)	4,933	3,299	2,817	23,417
Other	14,696	14,798	14,758	122,669
Allowance for Doubtful Accounts	(352)	(316)	(372)	(3,095)
<b>Total Current Assets</b>	<b>146,178</b>	<b>116,050</b>	<b>157,888</b>	<b>1,312,343</b>
<b>Fixed Assets:</b>				
<b>Property, Plant and Equipment:</b>				
Buildings and Structures, net	35,826	33,132	33,230	276,210
Machinery, Equipment, Vehicles, net	24,818	23,252	21,381	177,724
Sales Equipment, net	25,390	27,113	30,313	251,961
Land	59,908	59,155	63,204	525,347
Construction in Progress	14	11	69	574
Other, net	1,654	1,457	1,978	16,442
<b>Total Property, Plant and Equipment</b>	<b>147,613</b>	<b>144,124</b>	<b>150,178</b>	<b>1,248,262</b>
<b>Intangible Assets:</b>				
Goodwill	42,189	39,539	31,762	264,009
Other	7,118	8,160	6,638	55,179
<b>Total Intangible Assets</b>	<b>49,307</b>	<b>47,699</b>	<b>38,401</b>	<b>319,188</b>
<b>Investments and Other Assets:</b>				
Investment Securities	17,306	19,162	22,382	186,040
Deferred Tax Assets	1,635	1,708	1,512	12,570
Advanced Payments for Retirement Expenses	4,479	—	—	—
Other	8,315	8,914	8,317	69,137
Allowance for Doubtful Accounts	(418)	(398)	(574)	(4,778)
<b>Total Investments and Other Assets</b>	<b>31,317</b>	<b>29,386</b>	<b>31,637</b>	<b>262,968</b>
<b>Total Fixed Assets</b>	<b>228,239</b>	<b>221,210</b>	<b>220,217</b>	<b>1,830,419</b>
<b>Total Assets</b>	<b>¥374,418</b>	<b>¥337,260</b>	<b>¥378,105</b>	<b>\$3,142,762</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

	2013	2014	(Unit: Millions of yen) 2015	(Unit: Thousands of U.S. dollars) <sup>*</sup> 2015
<b>LIABILITIES</b>				
<b>Current Assets:</b>				
Trade Notes and Accounts Payable	¥16,278	¥17,750	¥19,532	\$162,350
Current Portion of Bonds Payable	30,000	—	—	—
Current Portion of Long-Term Loans Payable	2,517	2,517	2,517	20,928
Accrued Income Taxes	3,165	2,024	2,112	17,561
Other Accounts Payable	17,624	20,649	21,426	178,094
Provision for Sales Promotion Expenses	203	260	355	2,953
Other	12,098	8,173	10,061	83,627
<b>Total Current Liabilities</b>	<b>81,889</b>	<b>51,375</b>	<b>56,006</b>	<b>465,517</b>
<b>Long-Term Liabilities:</b>				
Bonds Payable	20,000	20,000	50,000	415,593
Long-Term Loans Payable	5,237	2,719	201	1,678
Deferred Tax Liabilities	3,655	1,270	3,381	28,105
Allowance for Employees' Retirement Benefits	2,048	—	—	—
Liability for Retirement Benefits	—	3,871	3,375	28,052
Provision for Directors' Retirement Benefits	149	149	163	1,360
Other	3,501	3,722	4,099	34,072
<b>Total Long-Term Liabilities</b>	<b>34,592</b>	<b>31,734</b>	<b>61,221</b>	<b>508,863</b>
<b>Total Liabilities</b>	<b>116,481</b>	<b>83,109</b>	<b>117,227</b>	<b>974,380</b>
<b>NET ASSETS</b>				
<b>Shareholders' Equity:</b>				
Common Stock	15,231	15,231	15,231	126,606
Capital Surplus	109,072	109,072	109,072	906,592
Retained Earnings	135,619	131,355	136,851	1,137,493
Treasury Stock	(4,577)	(4,580)	(4,586)	(38,125)
<b>Total Shareholders' Equity</b>	<b>255,346</b>	<b>251,079</b>	<b>256,569</b>	<b>2,132,567</b>
<b>Other Accumulated Comprehensive Income:</b>				
Net Unrealized Gain (Loss) on Other Marketable Securities	2,214	3,389	5,217	43,364
Deferred Gains or losses on hedges	(1)	317	(177)	(1,475)
Foreign Currency Translation Adjustments	—	16	17	142
Cumulative Adjustments for Retirement Benefits	—	(1,026)	(1,132)	(9,410)
<b>Total Other Accumulated Comprehensive Income</b>	<b>2,212</b>	<b>2,696</b>	<b>3,924</b>	<b>32,620</b>
<b>Minority Interests</b>	<b>377</b>	<b>374</b>	<b>384</b>	<b>3,194</b>
<b>Total Net Assets</b>	<b>257,936</b>	<b>254,150</b>	<b>260,878</b>	<b>2,168,382</b>
<b>Total Liabilities and Net Assets</b>	<b>¥374,418</b>	<b>¥337,260</b>	<b>¥378,105</b>	<b>\$3,142,762</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

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

(January 1 to December 31)

Consolidated Statements of Income	2013	2014	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)*
			2015	2015
<b>Net Revenues</b>	<b>¥431,711</b>	<b>¥424,406</b>	<b>¥440,476</b>	<b>\$3,661,175</b>
<b>Cost of Goods Sold</b>	<b>216,423</b>	<b>211,525</b>	<b>216,524</b>	<b>1,799,718</b>
<b>Gross Profit</b>	<b>215,287</b>	<b>212,881</b>	<b>223,951</b>	<b>1,861,457</b>
<b>Selling, General and Administrative Expenses</b>	<b>199,359</b>	<b>201,873</b>	<b>209,689</b>	<b>1,742,912</b>
<b>Operating Income</b>	<b>15,927</b>	<b>11,008</b>	<b>14,262</b>	<b>118,545</b>
<b>Non-Operating Income</b>	<b>1,973</b>	<b>1,264</b>	<b>1,209</b>	<b>10,055</b>
Interest Income	109	79	53	442
Dividends	313	339	370	3,080
Equity in Earnings of Affiliates	1,074	87	88	735
Gain on Sales of Property, Plant and Equipment	6	205	120	1,000
Other Non-Operating Income	468	551	577	4,796
<b>Non-Operating Expenses</b>	<b>1,294</b>	<b>1,663</b>	<b>1,748</b>	<b>14,534</b>
Interest Expenses	602	550	416	3,463
Loss on Disposal of Property, Plant and Equipment	254	489	726	1,108
Expense for Bond Issuance	—	—	133	6,039
Other Non-Operating Expenses	436	623	472	3,923
<b>Recurring Income</b>	<b>16,606</b>	<b>10,609</b>	<b>13,723</b>	<b>114,066</b>
<b>Extraordinary Income</b>	<b>14,687</b>	<b>611</b>	<b>8,177</b>	<b>67,972</b>
Gain on Sales of Property, Plant and Equipment	248	189	—	—
Gain on Sales of Investment Securities	—	421	78	650
Gains on Negative Goodwill	14,438	—	8,099	67,321
<b>Extraordinary Losses</b>	<b>12,563</b>	<b>2,810</b>	<b>6,672</b>	<b>55,458</b>
Impairment Loss	1,008	—	5,191	43,148
Loss from Disaster	—	24	—	—
Loss on Disposal of Property, Plant and Equipment	634	—	1,113	9,254
Write-down of Investment Securities	—	16	78	651
Loss on Disposal of Inventories	—	421	—	—
Goods Indication Response Expenses	—	190	—	—
Loss on Withdrawal from Pension Fund	—	—	289	2,404
Business Integration-Related Expenses	1,025	—	—	—
Losses on Step Acquisitions	5,567	—	—	—
Structural Reform Costs	4,327	981	—	—
Restructuring Expenses	—	760	—	—
Loss on Liquidation of Affiliates	—	417	—	—
<b>Income before Income Taxes, Minority Interests and Other Adjustments</b>	<b>18,730</b>	<b>8,409</b>	<b>15,228</b>	<b>126,580</b>
<b>Income Taxes</b>	<b>3,990</b>	<b>2,531</b>	<b>3,211</b>	<b>43,551</b>
<b>Income Tax Adjustments</b>	<b>1,070</b>	<b>1,363</b>	<b>2,028</b>	<b>26,689</b>
<b>Total Income Taxes</b>	<b>5,060</b>	<b>3,894</b>	<b>5,239</b>	<b>16,861</b>
<b>Income before Minority Interests</b>	<b>13,670</b>	<b>4,515</b>	<b>9,989</b>	<b>83,028</b>
<b>Minority Interests</b>	<b>44</b>	<b>32</b>	<b>18</b>	<b>154</b>
<b>Net Income</b>	<b>¥13,625</b>	<b>¥4,482</b>	<b>¥9,970</b>	<b>\$82,874</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

Consolidated Statements of Comprehensive Income	2013	2014	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)*
			2015	2015
<b>Income before Minority Interests</b>	<b>¥13,670</b>	<b>¥4,515</b>	<b>¥9,989</b>	<b>\$83,028</b>
<b>Other Comprehensive Income</b>				
Net Unrealized Gain (Loss) on Other Marketable Securities	2,664	1,174	1,827	15,192
Foreign Currency Translation Adjustments	—	16	1	9
Adjustments for Retirement Benefits	—	893	(114)	(949)
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	(1)	332	(486)	(4,042)
Total Other Comprehensive Income	2,662	2,416	1,228	10,209
<b>Comprehensive Income</b>	<b>¥16,332</b>	<b>¥6,931</b>	<b>¥11,217</b>	<b>\$93,238</b>
<b>(Breakdown)</b>				
Comprehensive Income Attributable to Owners of the Parent Company	16,287	6,899	11,198	93,084
Comprehensive Income Attributable to Minority Interests	44	32	18	154

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

## 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)	Foreign Currency Translation Adjustments	Cumulative Adjustments for Retirement Benefits	Total Other Accumulated Comprehensive Income		
Balance as of January 1, 2015	¥15,231	¥109,072	¥131,355	¥(4,580)	¥251,079	¥3,389	¥317	¥16	¥(1,026)	¥2,696	¥374	¥254,150
<b>Changes during the Consolidated Fiscal Year 2015</b>												
Distribution of Dividends	—	—	(4,474)	—	(4,474)	—	—	—	—	—	—	(4,474)
Net Income	—	—	9,970	—	9,970	—	—	—	—	—	—	9,970
Acquisition of Treasury Stock	—	—	—	(6)	(6)	—	—	—	—	—	—	(6)
Cancellation of Treasury Stock	—	—	0	0	0	—	—	—	—	—	—	0
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	—	—	—	—	—	1,827	(494)	1	(105)	1,228	9	1,237
<b>Total Changes during the Fiscal Year</b>	<b>—</b>	<b>—</b>	<b>5,495</b>	<b>(6)</b>	<b>5,489</b>	<b>1,827</b>	<b>(494)</b>	<b>1</b>	<b>(105)</b>	<b>1,228</b>	<b>9</b>	<b>6,727</b>
Balance as of December 31, 2015	¥15,231	¥109,072	¥136,851	¥(4,586)	¥256,569	¥5,217	¥(177)	¥17	¥(1,132)	¥3,924	¥384	¥260,878

[ 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)	Foreign Currency Translation Adjustments	Cumulative Adjustments for Retirement Benefits	Total Other Accumulated Comprehensive Income		
Balance as of January 1, 2015	\$126,606	\$906,592	\$1,091,812	\$(38,075)	\$2,086,936	\$28,172	\$2,635	\$133	\$(8,530)	\$22,411	\$3,116	\$2,112,463
<b>Changes during the Consolidated Fiscal Year 2015</b>												
Distribution of Dividends	—	—	(37,193)	—	(37,193)	—	—	—	—	—	—	(37,193)
Net Income	—	—	82,874	—	82,874	—	—	—	—	—	—	82,874
Acquisition of Treasury Stock	—	—	—	(51)	(51)	—	—	—	—	—	—	(51)
Cancellation of Treasury Stock	—	—	0	1	1	—	—	—	—	—	—	1
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	—	—	—	—	—	15,191	(4,111)	9	(880)	10,209	77	10,287
<b>Total Changes during the Fiscal Year</b>	<b>—</b>	<b>—</b>	<b>45,681</b>	<b>(50)</b>	<b>45,631</b>	<b>15,191</b>	<b>(4,111)</b>	<b>9</b>	<b>(880)</b>	<b>10,209</b>	<b>77</b>	<b>55,918</b>
Balance as of December 31, 2015	\$126,606	\$906,592	\$1,137,493	\$(38,125)	\$2,132,567	\$43,364	\$(1,475)	\$142	\$(9,410)	\$32,620	\$3,194	\$2,168,382

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

## Consolidated Statements of Cash Flows

(January 1 to December 31)

	2013	2014	(Unit: Millions of yen) 2015	(Unit: Thousands of U.S. dollars)* 2015
<b>Cash Flows from Operating Activities:</b>				
Income before Income Taxes, Minority Interests and Other Adjustments	¥18,730	¥8,409	¥15,228	\$126,580
Depreciation and Amortization	23,758	22,943	24,048	199,890
Impairment Gains	1,008	—	5,191	43,148
Amortization of Goodwill	2,649	2,649	2,649	22,025
Increase (Decrease) in Provision for Directors' Retirement Benefits	18	3	14	119
Increase (Decrease) in Liabilities for Retirement Benefits	304	—	—	—
Increase (Decrease) in Net Defined Benefit Liability	—	(1,726)	(610)	(5,071)
Decrease (Increase) in Advance Payments for Retirement Expenses	250	—	—	—
Decrease (Increase) in Net Defined Retirement Benefit Asset	—	—	24	200
Interest and Dividend Income	(423)	(419)	(423)	(3,523)
Interest Expenses	602	550	416	3,463
Equity in Losses (Earnings) of Affiliates	(1,074)	(87)	(88)	(735)
Loss (Gain) on Sales of Marketable and Investment Securities	—	(421)	(78)	(650)
Write-down of Marketable and Investment Securities	—	16	78	651
Loss (Gain) on Sales of Fixed Assets	(247)	(370)	(118)	(981)
Loss on Disposal of Fixed Assets	710	404	1,538	12,791
Gains on Negative Goodwill	(14,438)	—	(8,099)	(67,321)
(Gains) Losses on Step Acquisitions	5,567	—	—	—
Loss on Liquidation of Affiliates	—	417	—	—
Decrease (Increase) in Accounts Receivable	604	(1,032)	262	2,185
Decrease (Increase) in Inventories	1,986	854	2,491	20,710
Decrease (Increase) in Other Assets	232	(97)	1,936	16,092
Increase (Decrease) in Accounts Payable	(693)	1,517	(1,447)	(12,035)
Increase (Decrease) in Other Liabilities	3,513	(1,260)	721	5,997
Other	602	37	336	2,796
Sub-total	43,662	32,389	44,073	366,334
Interest and Dividends Received	433	440	425	3,532
Interest Paid	(607)	(563)	(415)	(3,455)
Income Taxes Paid	(3,996)	(3,812)	(3,862)	(32,108)
Income Taxes Refunded	591	175	202	1,679
<b>Net Cash provided by Operating Activities</b>	<b>40,082</b>	<b>28,628</b>	<b>40,422</b>	<b>335,983</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of Marketable and Investment Securities	(25,887)	(1,021)	(20)	(167)
Proceeds from Sales of Marketable Securities and Investment Securities	33,625	6,958	272	2,266
Acquisition of Fixed Assets	(20,065)	(21,702)	(16,576)	(137,781)
Proceeds from Sales of Fixed Assets	755	1,475	863	7,177
Acquisition of Shares of Subsidiaries	(128)	(301)	(20)	(166)
Acquisition of Shares of Subsidiaries with Change in Scope of Consolidation	—	—	(10,124)	(84,157)
Expenses for Sale of Shares of Subsidiaries with Change in Scope of Consolidation	—	(74)	—	—
Proceeds from Sales of Shares of Affiliates	6	—	—	—
Long-Term Loans	(1,325)	(1,110)	(441)	(3,668)
Proceeds from Collection of Long-Term Loans	802	1,012	923	7,679
Increase in Time Deposits	(5,459)	(3,305)	(160)	(1,333)
Proceeds from Refund of Time Deposits	1,308	8,305	296	2,461
Other	(127)	(25)	(7)	(62)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(16,493)</b>	<b>(9,590)</b>	<b>(24,994)</b>	<b>(207,750)</b>
<b>Cash Flows from Financing Activities:</b>				
Expense for Repayment of Short-Term Loans	—	—	(50)	(415)
Expenses for Repayment of Long-Term Loans	(2,517)	(2,517)	(2,517)	(20,928)
Proceeds from Issuance of Bonds	—	—	29,866	248,247
Redemption of Bonds	—	(30,000)	—	—
Expenses for Acquisition of Treasury Stock	(5)	(3)	(6)	(51)
Proceeds from Sales of Treasury Stock	0	0	0	1
Dividends Paid	(4,282)	(4,474)	(4,474)	(37,193)
Dividends Paid to Minority Interests	(35)	(34)	(34)	(288)
Other	(1,445)	(467)	(366)	(3,049)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(8,286)</b>	<b>(37,498)</b>	<b>22,416</b>	<b>186,320</b>
<b>Translation Differences for Cash and Cash Equivalents</b>	<b>—</b>	<b>16</b>	<b>1</b>	<b>9</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>15,302</b>	<b>(18,444)</b>	<b>37,845</b>	<b>314,563</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>39,495</b>	<b>60,275</b>	<b>41,830</b>	<b>347,689</b>
<b>Increase in Cash and Cash Equivalents Associated with New Consolidation</b>	<b>5,477</b>	<b>—</b>	<b>152</b>	<b>1,268</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥60,275</b>	<b>¥41,830</b>	<b>¥79,828</b>	<b>\$663,520</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 120.31 yen against the U.S. dollar (as of December 31, 2015) is used for conversion.

## 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 judgement of our group as of March 24, 2016.

#### **(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 and foods 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 consumption tax increase, 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 may be affected by fluctuations in the value of securities, land, goodwill, and pension assets in the defined benefit corporate pension program, etc. that are held by our group. 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 Food Sanitation Law and the Act Against Unjustifiable Premiums and Misleading Representations. The group fully complies with all of these 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 effect on its business operations in respect to events deemed to require the assumption of power outages, etc. Typhoons, earthquakes and other natural disasters, however, could create conditions beyond our expectations. Conditions of this magnitude could potentially impact the operating results and financial position of the group.

## Corporate Governance

(As of March 24, 2016)

### (1) Fundamental Stance on Corporate Governance

With the aim of further strengthening of our governance structure, Coca-Cola West was shifted to a company with the Audit & Supervisory Committee with an approval of 58th Regular General Meeting of Shareholders held on March 23, 2016. We restructured the Board of Directors and adopted the corporate executive officer system in March 1999 in a bid to separate decision-making and supervisory functions from the execution of operations of the corporation. In addition to these measures, through such shift, we are seeking to enhance discussions on matters with particularly higher priority at the Board of Directors meeting while for other matters, facilitating the management judgment by the management of the representative director and lower level.

In addition, our company respects the purpose and spirit of the Corporate Governance Code that Tokyo Stock Exchange, Inc. began to apply on June 1, 2015 and strive to implement the respective principles. In the future we will also continue holding discussions on an optimal governance system, thereby pushing forward the sustainable growth and the medium and long-term improvement of our corporate value.

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

#### a. Number of Directors

Coca-Cola West' articles of incorporation stipulate that the number of directors (excluding directors serving on the Audit & Supervisory Committee) shall be a maximum of 15 directors, and a maximum of 7 directors serving on the Audit & Supervisory Committee.

#### b. Requirements for Electing Directors

The company's articles of incorporation stipulate that the election of directors (excluding directors serving on the Audit & Supervisory Committee) and directors serving on the Audit & Supervisory Committee shall be by a majority vote, in which at least one-third of the shareholders with voting rights are present, and resolution for the election 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 Companies Act 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 Companies Act. 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 Companies Act, 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 members of the Board of Directors (excluding directors serving on the Audit & Supervisory Committee) and directors serving on the Audit & Supervisory Committee to fully supervise the performance of executive officers' business operations. Those members of the Board of Directors and directors who are Audit & Committee Board members 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 specialist 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 this regard, at the Board of Directors meetings held on February 7, 2008, February 7, 2012, April 30, 2015 and March 23, 2016, certain aspects of such system 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 are established and a code of conduct is drawn up to encourage officers and all employees of Coca-Cola West and its group companies to comply with laws and regulations as well as the company's articles of incorporation, and to fulfill their corporate social responsibilities. They are especially intended to establish a systematically firm policy against any involvement whatsoever with and anti-social forces and other organized crime group. Further, a department in charge is launched to unify compliance efforts across the group and conduct educational activities for officers and employees to implement thorough compliance system. The department in charge of internal audits shall audit the status of compliance with the department in charge of compliance, and then regularly report compliance and other important activities related to the internal control system to the internal control system to the directors of the company, the Board of Directors, and the Audit & Committee 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 regulations.

#### 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 & Committee Board to access such documents and files at any given time.

#### c. Rules and other systems related to managing risk of loss at the company and its group companies

As for the risk involved in the compliance, the environment, disasters, product quality, information security, etc. at the company and group companies, the respective departments of the company or its group companies will create rules and guidelines, conduct training, and prepare and distribute manuals. Risks across the organization are monitored and dealt with by the department responsible for the risk management of the company or its group companies. 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 and the delegation of fundamental authority. To achieve such objectives, representative directors determine specific targets of respective group companies / departments and effective methods to reach the targets, including the delegation of authority under the decision-making rule within the group. Moreover, the company determines criteria for authority and decision-making in group companies and other organizations, thereby creating systems in accordance with such criteria at group companies.

#### **e. System for ensuring proper business conduct at our group consisting of the company and its group companies**

A department responsible for internal control of the entire group is established at Coca-Cola West. The effective system of the group, which conducts deliberations related to the internal controls at Coca-Cola West and its group companies, facilitates information sharing and communicates instructions and requests, is established. In addition, group companies regularly report to the company the important information, such as management information.

#### **f. Arrangements for employees whose assistance is requested by the Audit & Committee Board, as well as independence of employees from directors and effectiveness of instructions**

Coca-Cola West arranges assistant employees to the Audit & Committee Board. The assistant employees assist with the performance of the Audit & Committee Board' duties and do not receive directives of directors (excluding directors serving on the Audit & Supervisory Committee) or other executives.

#### **g. System for corporate officers and employees to report to the Audit & Committee Board and system for other reports to the Audit & Committee Board**

The company arranges a system for corporate officers and employees at Coca-Cola West and its group companies to promptly report to the Audit & Committee Board on legal matters, as well as matters set forth below:

- 1) Matters that have a material impact on the group
- 2) Implementation status of internal audit
- 3) The status of reporting through the internal whistleblower hotline system and details thereof

The method for reporting (reporter, recipient of report, time of report, etc.) is determined through consultation between directors and the Audit & Committee Board. Unreasonable treatment of a person is prohibited by reason that the person made a report to the Audit & Committee Board of the company. Such prohibition is thoroughly disseminated to officers, and employees of the group companies. The company forms an annual budget necessary for the performance of duties by directors serving on the Audit & Supervisory Committee.

#### **h. System for ensuring that other audits by the Audit & Committee Board is conducted effectively**

Regular meetings are organized for directors serving on the Audit & Supervisory Committee and representative directors 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 Audit, Audit by the Audit & Committee Board, and Accounting Audit**

#### **a. Organization of internal audit and audit by the Audit & Committee Board, personnel and procedures, as well as cooperation between internal audit, audit by the Audit & Committee Board and accounting audit**

Coca-Cola West aims to comply with corporate rules and regulations, conduct appropriate activities, implement operational management, protect the company's assets and maintain financial soundness. To achieve these goals, we established the Audit Office (5 members) as the internal audit department, which directly reports to the president.

The directors serving on the Audit & Supervisory Committee attend important meetings, including the Management Council, etc., consisting of executive officers, and regular meetings with representative directors. They audit the execution of operations by directors and executive officers using the report on the results of audits performed by the Audit Office in accordance with relevant laws and regulations, the company's articles of incorporation and the company's Audit & Committee Board audit standards.

The Audit Office conducts prior discussions with the Audit & Committee Board concerning its auditing policy and plans for each fiscal year. The Audit & Committee Board receives the report on the results of audits performed by the Audit Office as needed.

In addition, at the beginning of the fiscal year, the Audit & Committee Board and the Audit Office receive the explanation of the auditing plan from the accounting auditor and request the accounting auditor to explain and report an audit conducted during the fiscal year and the results of 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	7 years
Designated Liability Partner	Akihisa Sata	4 years
Designated Liability Partner	Nobuyuki Ishii	1 year

The auditing team has 11 CPAs and 19 other members.

## Corporate Governance

### (6) Outside Directors

Presently, two of ten directors (excluding directors serving on the Audit & Supervisory Committee) and three of five directors serving on the Audit & Supervisory Committee are from outside of the group.

#### a. Profile, name and qualification to be elected as an outside director or outside members of Audit & Committee Board

Classification	Name	Relationship with our Company	Background to Appointment
Outside Director	Zenji Miura	<i>Zenji Miura is Representative Director, President, and CEO of Ricoh Company, Ltd., which is classified as an "other affiliated company."</i>	<p><i>Zenji Miura is Representative Director, President, and CEO 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 in the management of our group.</i></p> <p><i>Ricoh Company, Ltd. is a major shareholder in Coca-Cola West (a 15.7% stake in terms of voting rights), but we are engaged in a different business from that of Ricoh Group. We have some transactions with the Ricoh Group, in the form of, for example, sales of 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>In addition, 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 15 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 our company's business activities and management judgment under the responsibility of our company, 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, given that his services as a concurrent director of Ricoh therefore does not influence his independence from Coca-Cola West and that there is no concern regarding a conflict of interest with our general shareholders, we have appointed Mr. Miura as an independent officer.</i></p>
Outside Director	Vikas Tiku	<i>Vikas Tiku is CFO of Asia Pacific Group of The Coca-Cola Company (TCCC). An agreement was entered into between such company and our company on manufacturing / sale of Coca-Cola and the use of the trade mark. Thus, such company falls under a "special interest company" of our company</i>	<p><i>Vikas Tiku is CFO of Asia Pacific Group of TCCC, and has been appointed to serve as an outside director so that Coca-Cola West can take advantage of his Coca-Cola business-based global knowledge in the management of our group and in order to strengthen a strategic partnership with TCCC and Coca-Cola (Japan) Co., Ltd. (CCJC).</i></p> <p><i>TCCC has entered into the agreement with our company indicated on the left. Therefore, TCCC falls under a special interest company of our company, but there is no concurrent director of TCCC in our 15 directors. He makes decisions related to the company's business activities and management judgment under the responsibility of our company, and executes operations based on our company's decisions.</i></p> <p><i>Consequently, given that there is no concern that our company might be unduly influenced by TCCC and that Mr. Tiku is not a person who would wield undue influence over our management team, there is no concern regarding a conflict of interest with our general shareholders.</i></p>
Outside Director (Audit & Committee Board Member)	Gotaro Ichiki	<i>Gotaro Ichiki is a lawyer belonging to Kowa Law Office. Our company has no relationship with Kowa Law Office to be described.</i>	<p><i>Gotaro Ichiki has many years of experience as a lawyer specializing in the international transaction field, etc. and is versed in corporate legal affairs with sufficient knowledge of corporate governance. Accordingly, he has been appointed to serve as a director (an outside director) serving on the Audit &amp; Supervisory Committee, so that he conducts strict audits on the execution of our company's management, and because he is suitable to a position where recommendations are made on all aspect of decision-making for important management judgment and assumed risk response, etc.</i></p> <p><i>Moreover, he has no experience of direct involvement in corporate management, but in addition to the above reason, he has experience of an outside director of other companies. Because of this, we have concluded that he appropriately carries out his duties as a director (an outside director) serving on the Audit &amp; Supervisory Committee.</i></p> <p><i>He served as a lawyer at consultant law office of our company up to 2014, but has not taken charge of duties outsourced by us and more than one year has passed from his retirement from such law office. He currently belongs to a law office that has no transaction relationship with our company. Thus, we have concluded that he has no particular interest with us and there is no concern regarding a conflict of interest with our general shareholders. Considering these reasons, we have appointed Mr. Ichiki as an independent officer.</i></p>
Outside Director (Audit & Committee Board Member)	Seiji Isoyama	<i>Seiji Isoyama is Representative Director and Deputy President of Nishi-Nippon City Bank, Ltd., and President of the Fukuoka Chamber of Commerce and Industry. Our company has a business relationship with the bank, with which we have transactions, such as fund deposits. In addition, our company pays to the Fukuoka Chamber of Commerce the membership fee and personal expenses for seconded staff.</i>	<p><i>Seiji Isoyama is Representative Director and Deputy President of Nish-Nippon City Bank, Ltd. and has extensive experience as corporate manager of that bank. In addition, he has experience of audit as an auditor of our company and has been providing useful views and frank opinions to our management. In light of these reasons, he is suitable to a position where recommendations are made on all aspect of decision-making for important management judgment and assumed risk response, etc. Thus, he has been appointed to serve as a director (an outside director) serving on the Audit &amp; Supervisory Committee.</i></p> <p><i>Our company has transaction relationship indicated on the left. However, he is the only one of our 15 directors who is concurrently serving as a director of the bank and as an officer of the chamber of commerce, giving him less than a majority position on our Board of Directors. He makes decisions related to the company's business activities and management judgment under the responsibility of the company, 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 the bank and the chamber of commerce, and his services as a director of the bank and as an officer of the chamber of commerce therefore does not influence his independence from Coca-Cola West. Because of this, there is no concern regarding a conflict of interest with our general shareholders.</i></p>
Outside Director (Audit & Committee Board Member)	Tomoko Ogami	<i>Tomoko Ogami is a lawyer belonging to Kunitake Comprehensive Law Firm. Our company has no relationship with Kunitake Comprehensive Law Firm to be described.</i>	<p><i>Tomoko Ogami has sufficient insights on corporate governance on the basis of many years of extensive experience as a lawyer specializing in the corporate legal affairs field, etc. Therefore, she has been appointed to serve as a director (an outside director) serving on the Audit &amp; Supervisory Committee, so that she conducts strict audits on the execution of our company's management, and because she is suitable to a position where recommendations are made on all aspect of decision-making for important management judgment and assumed risk response, etc.</i></p> <p><i>Moreover, she has no experience of direct involvement in corporate management, but in addition to the above reason, she has audit experience as a corporate auditor of our company and has been providing useful views and frank opinions to our management from a professional perspective. Because of this, we have concluded that she appropriately carries out her duties as a director (an outside director) serving on the Audit &amp; Supervisory Committee.</i></p> <p><i>There is no particular interest between her and our company and therefore, there is no concern regarding a conflict of interest with our general shareholders. Considering these reasons, we have appointed Ms. Ogami as independent officer.</i></p>

**b. Criteria or policy regarding the independence for the election of outside directors**

As a result of our examination to the extent reasonably possible, we have concluded that outside directors have adequate independence from our company if we consider that our outside directors (including candidates) do not fall under all requirements in the respective items below:

- 1) Currently and during the past 10 years, an executing person of our company and its subsidiaries
- 2) Currently and during the past one year, a person whose major transaction partner (transaction partner whose 2% or more consolidated sales are occupied by our group in the latest fiscal year of the transaction partner) is our company, or an executing person of such person
- 3) Currently and during the past one year, a major transaction partner (transaction partner whose transaction with us occupies 2% or more of our consolidated sales in the latest fiscal year of our company, or an executive person of such partner
- 4) Currently and during the past one year, a consultant, certified public accountant or lawyer who receives a remuneration of ¥10 million or more annually from our company other than remuneration for directors
- 5) Currently and during the past one year, a person who receives a donation of ¥10 million or more annually from our company, or an executive person of such person
- 6) Relatives within the second degree of the kinship of the persons falling under the above 1) to 5)

**c. Roles and responsibilities of outside directors for corporate governance**

Outside directors serving on the Audit & Supervisory Committee make up the majority of the Audit & Committee Board members and establish a monitoring system for the directors' execution of operation at the Board of Directors. Also, they receive proper advice from a third party's point of view from outside directors (excluding directors serving on the Audit & Supervisory Committee) who are external academic experts.

**d. Supervision or audit and internal audits by outside directors, coordination between audits and financial / accounting audits, and relationship with Internal Control Division**

Outside directors (excluding directors serving on the Audit & Supervisory Committee) receive reports regarding internal audits, financial / accounting audits and internal control, and make comments at the Board of Directors' meeting and the Audit & Committee Board meeting when necessary.

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

Our company has set up a clause for the limitation of liabilities of directors (excluding executive directors, etc.) in our articles of incorporation in order for them to perform their expected roles sufficiently and to enable us to appoint useful human resources as a director, not limited to an outside director only.

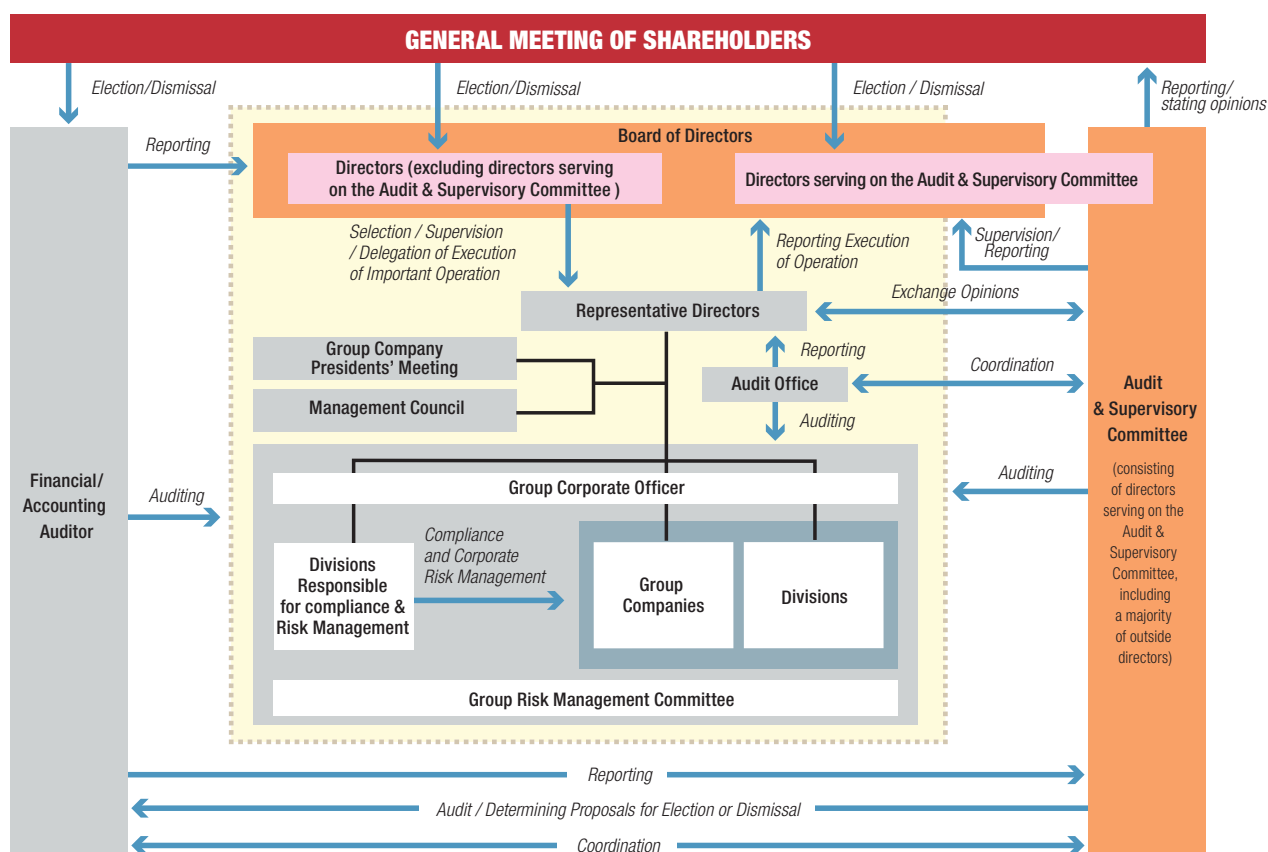
Five outside directors entered into agreements with our company on limited liabilities for compensation for damage due to negligence of duties pursuant to Article 427, paragraph 1 of the Companies Act. The limit of liabilities pursuant to such agreements is the minimum liability amount set forth in laws and regulations.

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

The staff of the Administration Department and the staff (assistant staff) of the Audit & Committee Board support outside directors (excluding directors serving on the Audit & Supervisory Committee) and outside directors serving on the Audit & Supervisory Committee, 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.



## Corporate Governance

**(8) Directors' and Audit & Committee Board Members' Remuneration** (January 1 to December 31, 2015)

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

	Directors				Audit & Committee 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	11	390	390	—	6	46	46	—	17	436	436	—
Internal	9	376	376	—	2	35	35	—	11	411	411	—
External	2	14	14	—	4	10	10	—	6	25	25	—

Note: The remuneration figures shown above include the remuneration paid to one outside director who retired as of the conclusion of 57th General Shareholders' Meeting held on March 24, 2015 and one director who retired as of December 31, 2015.

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 & Committee 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 (excluding directors serving on the Audit & Supervisory Committee) and directors serving on the Audit & Supervisory Committee were resolved at the 58th General Shareholders' Meeting held on March 23, 2016 to be a maximum of ¥500 million annually (for outside directors, a maximum of ¥50 million annually) and a maximum of ¥100 million annually, respectively. The amount of remuneration for respective directors and respective Audit & Committee Board members is determined within the aggregate determined ranges as follows:

1) Directors (excluding directors serving on the Audit & Supervisory Committee)

The amount of remuneration for each director (excluding directors serving on the Audit & Supervisory Committee) is determined by representative directors who are authorized by the Board of Directors on the basis of the criteria determined at the Board of Directors meeting.

The criteria for remuneration are determined at the Board of Directors meeting. Our company, however, is a Company with the Audit & Committee Board that holds the Audit & Committee Board where the majority members consist of outside directors, and three independent outside directors are included in the members of the Board of Directors. Therefore, we have concluded that transparency and fairness are ensured.

The remuneration is composed of the remuneration to be paid on a fixed amount basis and the remuneration to vary according to company's earnings, etc. to ensure that the responsibility of directors and contribution of directors to company's earnings can be reflected.

2) Directors serving on the Audit & Supervisory Committee

The remuneration of each director serving on the Audit & Supervisory Committee is determined through consultation between directors serving on the Audit & Supervisory Committee.

**(9) Securities Investments** (As of December 31, 2015)

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

Number of companies invested in: 141, amount of invested in common stock: ¥16,293 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
Royal Holdings Co. Ltd.	962,440	2,164	Maintain favorable relationship with the company invested in.	AEON Kyushu Co., Ltd.	116,800	203	Maintain favorable relationship with the company invested in.
Ricoh Leasing Company, Ltd.	502,000	1,895	Maintain favorable relationship with the company invested in.	Nishikawa Rubber Co., Ltd.	99,445	193	Maintain favorable relationship with the company invested in.
Nishi-Nippon Railroad Co., Ltd.	2,000,000	1,424	Maintain favorable relationship with the company invested in.	Okuwa Co., Ltd.	173,216	192	Maintain favorable relationship with the company invested in.
San-Ai Oil Co., Ltd.	1,308,125	1,293	Maintain favorable relationship with the company invested in.	H2O Retailing Corporation	58,495	138	Maintain favorable relationship with the company invested in.
Izumi Co., Ltd.	231,000	1,088	Maintain favorable relationship with the company invested in.	Isetan Mitsukoshi Holdings Ltd.	87,015	138	Maintain favorable relationship with the company invested in.
The Nishi-Nippon City Bank, Ltd.	3,024,811	970	Maintain favorable relationship with the company invested in.	Fujio Food System Co., Ltd.	56,800	134	Maintain favorable relationship with the company invested in.
Kyushu Leasing Service Co., Ltd.	2,000,000	940	Maintain favorable relationship with the company invested in.	AEON Co., Ltd.	67,914	126	Maintain favorable relationship with the company invested in.
Mitsubishi UFJ Financial Group, Inc.	716,420	542	Maintain favorable relationship with the company invested in.	Central Japan Railway Company	5,100	110	Maintain favorable relationship with the company invested in.
Mitsubishi Heavy Industries, Ltd.	900,000	479	Maintain favorable relationship with the company invested in.	Kansai Super Market Ltd.	113,200	93	Maintain favorable relationship with the company invested in.
Fuji Co., Ltd.	195,366	479	Maintain favorable relationship with the company invested in.	Sumitomo Mitsui Trust Holdings, Inc.	182,898	84	Maintain favorable relationship with the company invested in.
Zenrin Co., Ltd.	183,414	453	Maintain favorable relationship with the company invested in.	The Coca-Cola Company	15,600	80	Maintain favorable relationship with the company invested in.
West Japan Railway Company	42,000	352	Maintain favorable relationship with the company invested in.	Torikizoku Co., Ltd.	32,400	78	Maintain favorable relationship with the company invested in.
Yondoshi Holdings, Inc.	103,400	277	Maintain favorable relationship with the company invested in.	Seven & I Holdings Co., Ltd.	12,871	71	Maintain favorable relationship with the company invested in.
Plenus Company Limited	118,261	239	Maintain favorable relationship with the company invested in.	Poplar Co., Ltd.	123,203	65	Maintain favorable relationship with the company invested in.
Toyo Seikan Group Holdings, Ltd.	97,460	220	Maintain favorable relationship with the company invested in.	Mitsubishi Chemical Holdings Corporation	72,500	56	Maintain favorable relationship with the company invested in.

c. Total of investment stocks on the balance sheet for the purpose of pure investments and total of dividends received, gains / losses on sales and valuation gains / losses.

None

## Top Management

(As of March 23, 2016)

### Directors (Excluding Directors Serving on the Audit & Supervisory Committee)



Representative Director & President  
Tamio Yoshimatsu



Representative Director & Executive Vice President  
Nobuo Shibata



Director & Group Senior Corporate Officer  
Hideharu Takemori  
*Representative Director & President  
Coca-Cola West  
Equipment Service Co., Ltd.*



Director & Group Senior Corporate Officer  
Toshio Fukami  
*Representative Director & President  
Coca-Cola West Sales Support Co., Ltd.*



Director & Senior Corporate Officer  
Shigeki Okamoto  
*General Manager  
CSV Division*



Director & Senior Corporate Officer  
Yoshiki Fujiwara  
*General Manager  
Commercial Headquarters*



Director & Senior Corporate Officer  
Yasunori Koga  
*General Manager  
Planning & Finance Division*



Director & Senior Corporate Officer  
Shunichiro Hombo  
*General Manager  
Kyushu Sales Division,  
Commercial Headquarters*



Outside Director  
Zenji Miura\*  
*Representative Director,  
President & CEO,  
Ricoh Company, Ltd.*



Outside Director  
Vikas Tiku  
*CFO, Asia Pacific Group,  
The Coca-Cola Company*

### Directors Serving on the Audit & Supervisory Committee



Director  
Hiroyoshi Miyaki  
*Standing Audit & Supervisory Committee  
Member (full-time)*



Director  
Tadanori Taguchi  
*(full-time)*



Outside Director  
Gotaro Ichiki\*  
*Attorney,  
Kowa Law Office*



Outside Director  
Seiji Isoyama  
*Representative Director and Deputy  
President,  
The Nishi-Nippon City Bank, Ltd.*



Outside Director  
Tomoko Ogami\*  
*Attorney,  
Kunitake Comprehensive Law Firm*

\* As for Outside director Zenji Miura, Gotaro Ichiki and Tomoko Ogami, 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.

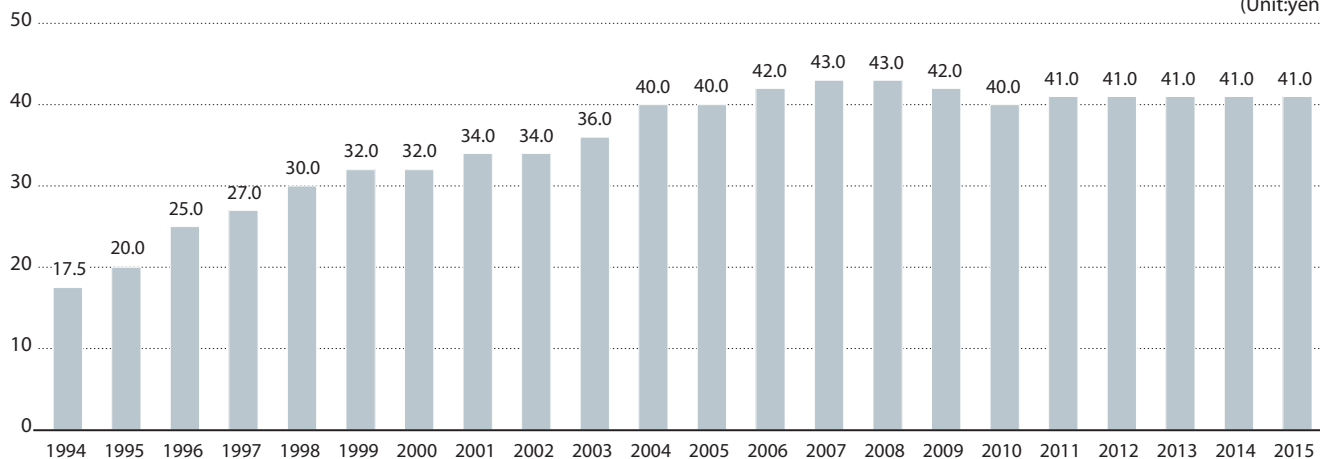
## Dividend Policy and Shareholder Reward Points System

### 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

(Unit:yen)



### Shareholder Reward Points System

We provide “Shareholder Reward Points” in late March of the following year to shareholders with 100 or more shares as of December 31, depending on the number of shares held and holding period. 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 them as donations to social contribution activities, etc.

In addition, we introduced Long-Term Held Preferential Points System on December 31, 2015 (base date). For shareholders who continuously hold our shares for three years or longer, we will present Long-Term Held Preferential Points depending on the number of shares held.

Awarding Criteria		Details			Time of Award
Effective Date	Number of Shares Held	Holding Period : Less than 3 years	Long-Term Held Preferential Points	Holding Period : 3 years or more	
DECEMBER 31	from 100 to less than 500 shares	45 Reward Points (equivalent to ¥2,700)	+30 points	75 Reward Points (equivalent to ¥4,500)	Late March of the following year
	from 500 to less than 1,000 shares	60 Reward Points (equivalent to ¥3,600)	+45 points	105 Reward Points (equivalent to ¥6,300)	
	from 1,000 to less than 5,000 shares	90 Reward Points (equivalent to ¥5,400)	+60 points	150 Reward Points (equivalent to ¥9,000)	
	5,000 or more shares	180 Reward Points (equivalent to ¥10,800)	+120 points	300 Reward Points (equivalent to ¥18,000)	

#### Options for Reward Points (examples)



Coca-Cola product selection

Leisure Sheets with Coca-Cola West logo



Scarf Towels with Coca-Cola West logo



Eco Bag with Coca-Cola West logo



Donation to Ichimura Shizenjuku-Kyushu

## Stock Information

(As of December 31, 2015)

**Stock Code** : 2579

**Authorized Shares** : 270,000 thousands

**Outstanding Shares** : 111,125 thousands

**Number of Shareholders** : 52,050

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

**Stock Exchange Listings:**

Tokyo Stock Exchange (First Section)

Fukuoka Stock Exchange

## Major Shareholders

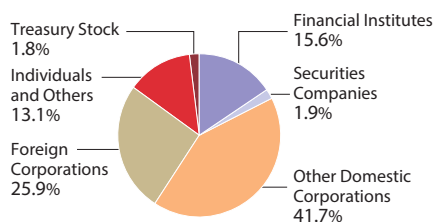
Shareholder	Number of Share Owned (Thousands)	Shareholding Ratio (%)
Ricoh Company, Ltd. ....	17,075	15.6
The New Technology Development Foundation.....	5,294	4.9
Satsuma Shuzo Co., Ltd.....	4,699	4.3
MCA Holdings Co., Ltd.....	4,407	4.0
Coca-Cola Holdings West Japan, Inc. ....	4,074	3.7
Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.....	3,912	3.6
INDUS MARKOR PARTNERS, LTD.....	3,700	3.4
Japan Trustee Services Bank, Ltd. (Trust Account).....	3,047	2.8
The Nishi-Nippon City Bank, Ltd.....	2,203	2.0
Toyo Seikan Group Holdings, Ltd.....	1,756	1.6

Note : 1,986 thousand shares of treasury stock are not shown in the table above and are excluded from the calculation of shareholding ratios.

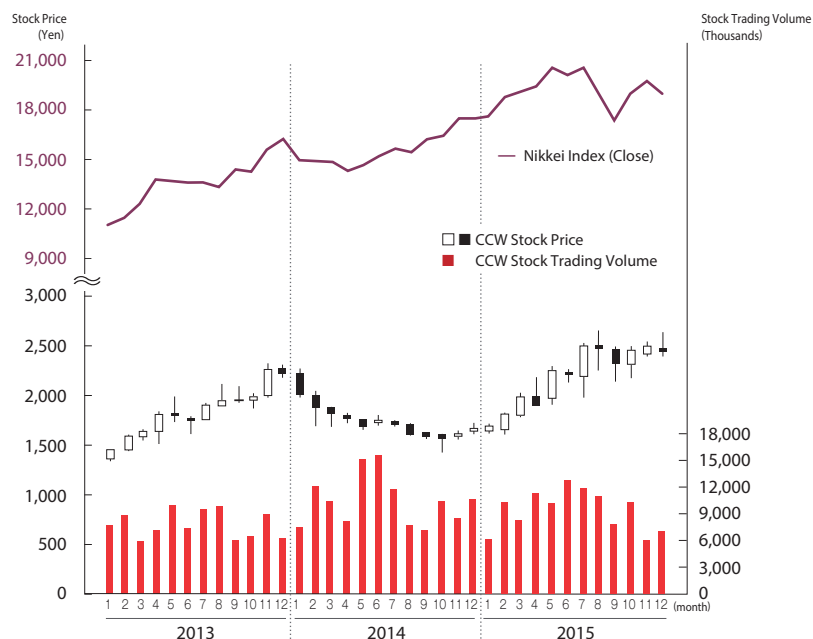
## Number of Shares Held and Percentage of Shares Held by Shareholder Category

	Number of Shareholders (Number)	Number of Shares Owned (Thousands)
Financial Institutes .....	61	17,352
Securities Companies.....	28	2,094
Other Domestic Corporations.....	470	46,357
Foreign Corporations .....	328	28,746
Individuals and Others.....	51,162	14,587
Treasury Stock.....	1	1,986
<b>Total.....</b>	<b>52,050</b>	<b>111,125</b>

### Composition of Shareholders



## Stock Price and Trends in Stock Trading Volume



	2011	2012	2013	2014	2015
<b>Stock Price at year end (Yen)</b>	1,335	1,333	2,227	1,661	2,457

## Credit Rating Information

	2011	2012	2013	2014	2015
<b>Japan Credit Rating Agency, Ltd. (JCR) Long-term senior debt</b>	AA-	AA-	AA-	AA-	AA-
<b>Rating and Investment Information, Inc. (R&amp;I) Issuer</b>	A+	A+	A+	A+	A+

-Creating a happy tomorrow for everyone-

みんなの あしたに ハッピーを

*Coca-Cola* **West**

*Coca-Cola West Company, Limited*

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Planning Department (Investor Relations) Tel: +81-92-641-8774  
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