

*-Creating a happy tomorrow for everyone-*

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*Coca-Cola* **West**

**2014**

ANNUAL REVIEW

*Coca-Cola West Company, Limited*

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## 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.

## CONSOLIDATED FINANCIAL DATA: TRENDS IN KEY FINANCIAL INDICES

	2010	2011	2012	2013	2014
Net Revenues (Millions of yen)	375,764	399,717	386,637	431,711	424,406
Growth Rate in Net Revenues (%)	1.6	6.4	(3.3)	11.7	(1.7)
Operating Income (Millions of yen)	12,003	16,469	13,463	15,927	11,008
Operating Income / Net Revenues (%)	3.2	4.1	3.5	3.7	2.6
Recurring Income (Millions of yen)	12,659	16,044	13,845	16,606	10,609
Recurring Income / Net Revenues (%)	3.4	4.0	3.6	3.8	2.5
Income before Income Taxes, Minority Interests and Other Adjustments (Millions of yen)	12,982	14,013	12,186	18,730	8,409
Income before Income Taxes, Minority Interests and Other Adjustments / Net Revenues (%)	3.5	3.5	3.2	4.3	2.0
Net Income (Millions of yen)	7,582	6,997	6,031	13,625	4,482
Return on Sales (%)	2.0	1.8	1.6	3.2	1.1
Comprehensive Income (Millions of yen)	–	5,605	7,326	16,332	6,931
Net Income per share (yen)	75.84	69.99	60.33	128.15	41.07
Return on Equity (%)	3.4	3.1	2.6	5.6	1.8
Return on Assets (%)	3.8	4.7	4.1	4.7	3.0
Total Assets (Millions of yen)	346,032	342,560	337,348	374,418	337,260
Net Assets (Millions of yen)	226,267	227,864	231,056	257,936	254,150
Equity Ratio (%)	65.3	66.4	68.4	68.8	75.2
Net Assets per Share (yen)	2,260.03	2,275.55	2,307.44	2,359.82	2,325.19
Price Book Value Ratio (PBR) (times)*1	0.7	0.6	0.6	0.9	0.7
Price Earnings Ratio (PER) (times)*2	19.4	19.1	22.1	17.4	40.4
Cash Flow from Operating Activities (Millions of yen)	31,732	39,960	26,324	40,082	28,628
Cash Flow from Investing Activities (Millions of yen)	(49,203)	(34,050)	(14,243)	(16,493)	(9,590)
Cash Flow from Financing Activities (Millions of yen)	(16,316)	(8,780)	(7,149)	(8,286)	(37,498)
Cash and Cash Equivalents at End of Fiscal Year (Millions of yen)	37,434	34,564	39,495	60,275	41,830
Dividend Payout Ratio (Consolidated) (%)	52.7	58.6	68.0	32.0	99.8
Dividend per Share (yen)	40.00	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)*3	35.4	58.1	41.8	66.0	50.8
Depreciation (Millions of yen)	22,405	21,371	20,643	23,758	22,943
Capital Expenditure (Millions of yen)	16,524	21,201	20,031	20,242	22,783
Capital Expenditure for Sales Equipment (Millions of yen)	7,604	9,518	8,704	9,501	12,204
(Share of Capital Expenditure for Sales Equipment)	(46%)	(45%)	(43%)	(47%)	(54%)

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

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

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

## TO OUR SHAREHOLDERS AND INVESTORS

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

This report presents information on our business conditions and performance for the year ended December 2014.

### Overview of Business Results for the Fiscal Year 2014

In 2014, the Japanese economy saw a continued moderate recovery, primarily marked by a lasting improvement in employment and income environment, but remained uncertain as there was a concern over a prolonged backlash after the last-minute rise in demand before a consumption tax increase.

The soft drink industry experienced temporal growth backed by the last-minute rise in demand before a consumption tax increase, but the market shrunk compared with the previous year, led by the effects of sluggish consumption due to budget-minded consumers after a consumption tax increase and unseasonable weather in summer in western Japan. In addition, amid the fierce market condition, sales competition was intensified between soft drink companies and the environment around soft drink companies remained tough as seen in a continuous decline in retail prices.

Under such circumstances, in 2014, we focused our management policy for the soft drink business on (1) implementing an appropriate segmentation strategy for a competition that we targeted and aimed at the overwhelming No. 1 share in the industry, and (2) going ahead toward being a high profit company (excellent company) through initiatives of a review of the group's operating structure and a business model innovation. 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 strengthening our profit base through an improvement in operational quality and productivity, we reviewed functions held within the group, carried out the outsourcing of a portion of the functions to our partner companies outside the group, and consolidated and relocated functions within the group. Specifically, on January 1, 2014, we conducted an absorption-type merger with Minami Kyushu Coca-Cola Bottling Co., Ltd., and achieved an integration effect. In addition, we made a sales function subsidiary, sales equipment maintenance subsidiary, and producing function subsidiary merge in order to integrate for respective functions, together with company split. Through these measures, we reallocated the site office work, operation center functions and recycle center functions within the group. On May 1, 2014, we outsourced logistics functions (functions for transportations between offices and the work between ware-

houses) to our partner companies outside the group and on June 30, 2014, resolved two subsidiaries, Coca-Cola West Logistics Co., Ltd. and Minami Kyushu IDC Co., Ltd., which had assumed such functions. Through these structural reforms and the recruitment of persons who wished to retire, persons transferred to our partner companies outside the group amounted to 374, persons transferred within the group to 2,052, and persons who wished to retire to 460.

In the health food industry, needs of health care products remained stable on the back of the growing awareness of "self-care." Also in the cosmetics industry, all-in-one type cosmetics were selling well. In contrast, competition is becoming intensified due to new entries from different industries.

Under such business environment, in the healthcare & skincare businesses, we focused on strengthening a basis for growth over the future, with 2014 basic strategies of (1) strengthening existing businesses, (2) growth through new businesses, etc., and (3) strengthening the corporate brand.

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." We have been continuing our efforts to encourage the healthy development of youth and promote closer communication with communities. In regards to "Harmony with the Environment," we have made our efforts for global environmental protection to strike a balance between business development and the reduction of environmental load. At the same time, with the slogan of "Sawayaka for people and the environment (fine people and pleasant environment)," we have worked on local environment improvement activities to achieve the development of a sustainable society.

As the result of the above initiatives, we faced a harsh business environment. As for our consolidated performance for the period ended December 2014, the company reported net revenues of ¥424,406 million (down 1.7%), operating income of ¥11,008 million (down 30.9%), recurring income of ¥10,609 million (down 36.1%), and net income of ¥4,482 million (down 67.1%).

## Future Prospects

Looking at future prospects, the environment around the soft drink industry will experience continuously severe conditions due mainly to soaring raw materials / materials prices stemming from the weakening yen, coupled with a slump in consumption and price reduction. In these circumstances, we established 2015 management strategies of (1) returning to the basics, implementing drastic reviews of all operations, and creating an expense / investment / personnel system appropriate for the capability of the company "in a bid to review the company from scratch," and (2) seeking to achieve numerical goals in all of revenues, operating income, sales volume and market shares by thoroughly carrying out various measures depending on customers by area / channel based on customer-oriented approach. Based on these strategies, we will pursue the achievement of our management goals while ensuring continuous growth over the future and promoting the creation of the basis for increasing our earnings capacity.

In the health food industry and cosmetic industry, with the increasing awareness in health and beauty in recent years, the market will expand but on the other hand, competition between companies is expected to be increasingly fierce. Under these circumstances, for the healthcare & skincare businesses, we will focus on the 2015 strategies of (1) reinforcing the home shopping platform (a marketing strategy in light of market environment by product), and (2) implementing a product strategy responding to the new functionality labelling system. Through these strategies, we will carry out activities where our strengths are used to the utmost extent, gain the trust of consumers, thereby striving to achieve sustainable growth.

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

## Dividends

Taking into comprehensive consideration the company's performance in FY and the business environment facing us going forward, the annual dividend for the period ended December 2014 was set at ¥41 per share.

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



*Tamio Yoshimatsu*

Tamio Yoshimatsu  
Representative Director & President

# SOFT DRINK BUSINESS

## Outline of the Business

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

In Japan, the roles of Coca-Cola (Japan) Co., Ltd. and bottlers are separated clearly. Coca-Cola (Japan) is engaging in planning / research and development of products as well as producing syrup concentrates and advertising, etc. Our company, a bottler, is engaging in production and sale of products through to collection and recycling of empty containers.



### Our Business Areas

Coca-Cola West is the world's leading bottler which covers 18 prefectures in western Japan as sales territories. We have integrated and merged with four bottlers since 1999 to expand our business areas and led the Coca-Cola business in Japan.

### Our Business Areas

**In and before 1998**

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

Sales territory  
41,245,000  
**32%**

[Population]  
Nationwide  
127,083,000  
in 2014

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

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

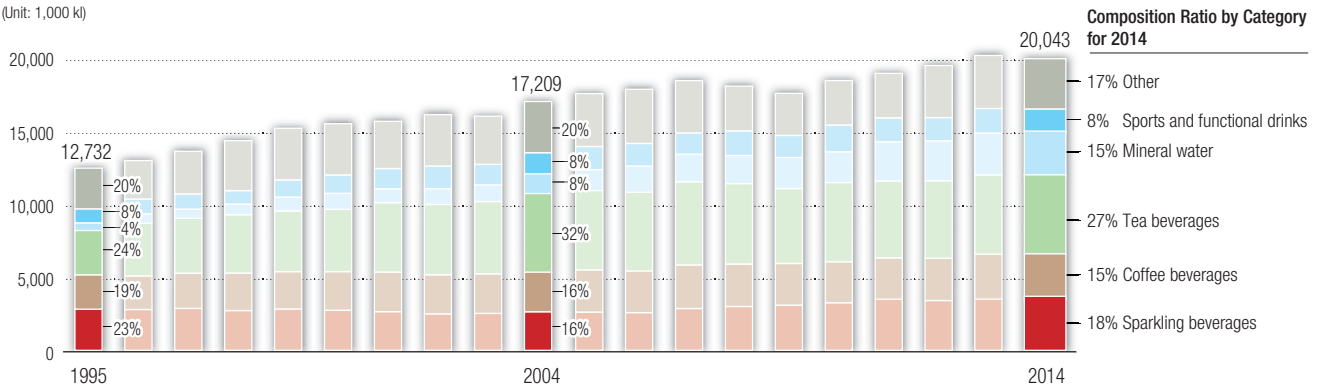
## The Soft Drink Industry and Our Market Shares

### Soft Drink Industry Trends

The production volume of soft drinks in 2014 was lower than in the previous year due to the effect of reduced demand caused by increasing budget-minded consumers led by the effect of the consumption tax increase. The soft drink market, however, has been growing steadily, marking approximately 1.6 times in size over the past 20 years.

#### [ Production Volume of Soft Drinks ]

(Unit: 1,000 kl)

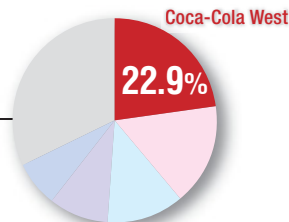


Source: Statistical Report on Soft Drinks, Japan Soft Drink Association, a General Incorporated Association (Data for the year 2014 is preliminary.)

### Our Market Share

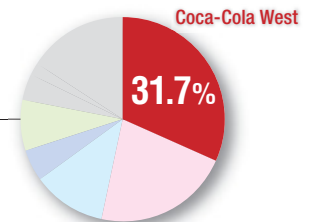
Our company has secured the number one spot in the soft drink industry, and is the number one provider in many of the major categories, which include sparkling beverages and canned coffee.

Over-the-Counter Sales Market Share for 2014 (excluding vending machines)



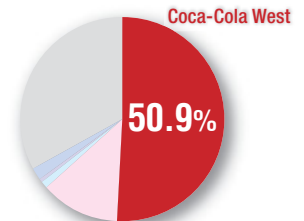
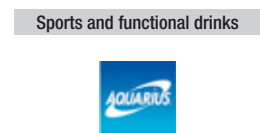
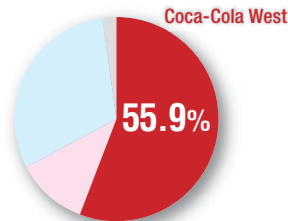
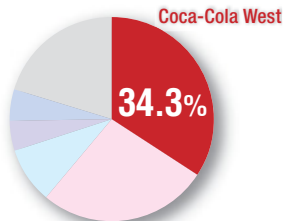
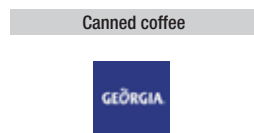
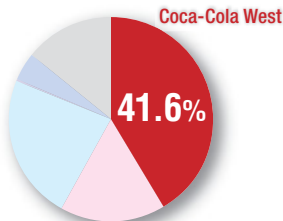
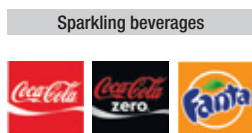
Source: Store Audit, Intage, Inc.

Outdoor Vending Machine Market Share for 2014



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

Over-the-Counter Sales Market Share by Category for 2014 (excluding vending machines)

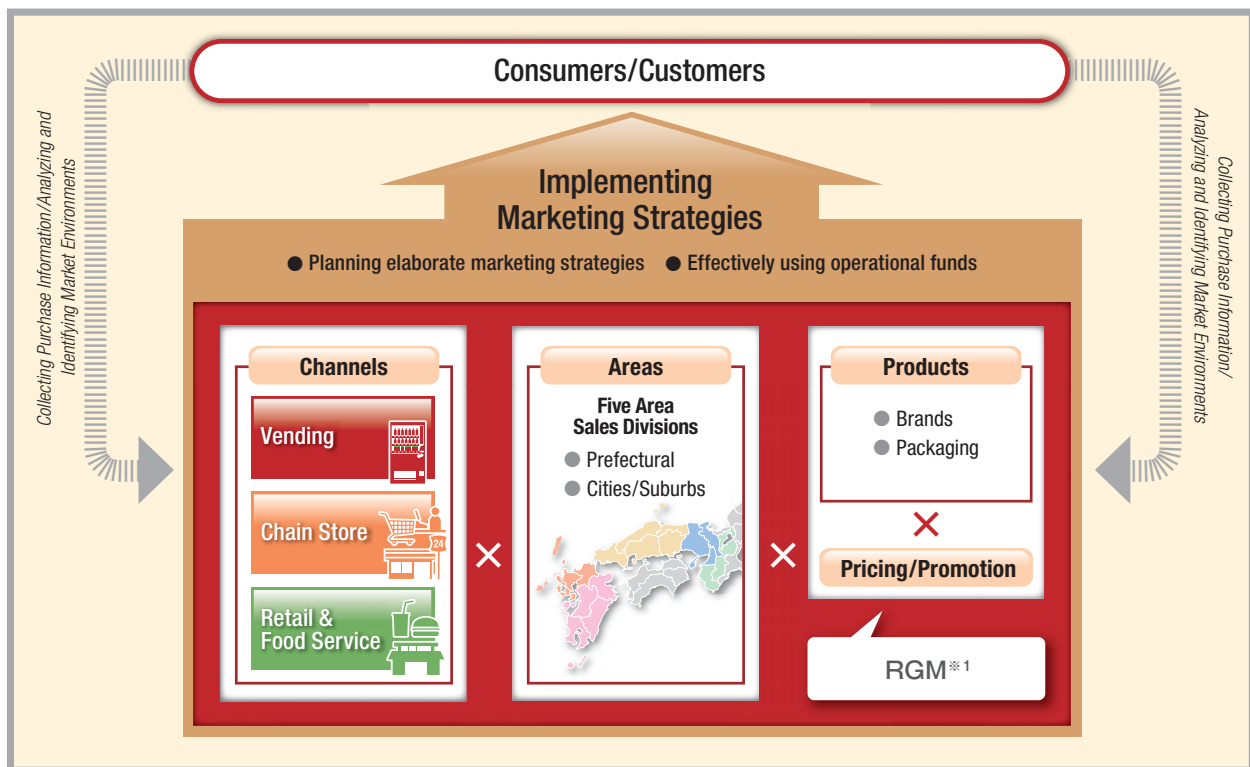


Source: MBI conducted by Intage, Inc.

## Sales Activities

### 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 areas into prefectural units in each sales channel and implementing an elaborate marketing strategy, depending on customers. Specifically, we fully identify the trends of consumers / customers and competitive environment in each area (prefecture/city/suburb), and then set a brand / package and an appropriate price when implementing sales activities.



#### Products (brand, packaging)

Coca-Cola West is offering various packaging and developing products with the optimum packaging for each brand according to each category of customers.



#### Pricing / Promotion

Depending on each category 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<sup>2</sup> 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.



## Channel Strategies

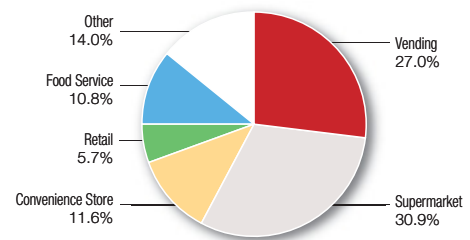
We provide products to consumers from various locations such as vending machines, supermarkets, convenience stores and restaurants. We are implementing detailed marketing activities such as promotional activities and product line-ups according to the season, based on the location of sales for each channel.

### Sales Volume by Channel

(unit: 1,000 cases)

	2013	2014	Percentage change
Vending	59,632	58,585	(1.8)%
Supermarket	64,584	66,871	+3.5%
Convenience store	23,660	25,176	+6.4%
Retail	15,012	12,321	(17.9)%
Food service	21,373	23,377	+9.4%
Other	33,096	30,346	(8.3)%
Total	217,359	216,675	(0.3)%

### Composition of Sales Volume in 2014



## VENDING (Vending Machines)

In the vending channel, our products are delivered directly to the consumer through about 330 thousand vending machines.

In 2014, we strove to collect and analyze sales information and created a thorough optimum product line-up according to characteristics of the location of each specific machine while implementing promotion depending on the site of installation, to enable a more enjoyable vending machine experience for our consumers. Moreover, for new installation of vending machines, we used optimum vending machines, including Peak-Shift Vending Machines and Cashless Vending Machines, appropriate for characteristics of the site of installation.



Vending machine operation

## 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 2014, we activated sales locations by running a campaign capitalizing on the 2014 FIFA World Cup at sales locations for events. Furthermore, we strove to reinforce sales of small-container products fitting for each sales location, such as delicatessen corner and confectionery corner. Meanwhile in addition to allocating new products at convenience stores, including bottled can coffees etc. which are gaining demand, we focused on expansion of sales by launching products jointly developed with customers.



Supermarket in-store activities

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

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

In 2014, with the increasing customer needs for poured coffee, we strove to enhance services to customers, such as installing brewed coffee equipment at kiosks. Meanwhile, at restaurants, we expanded the handling of our products, such as adding new products to menus and submitting proposals for a drink menu where our products are contained. Furthermore, we made efforts to increase transaction stores by using sales equipment, including brewed coffee equipment and table-top coolers.



Business talk with a customer

## Brand Strategies

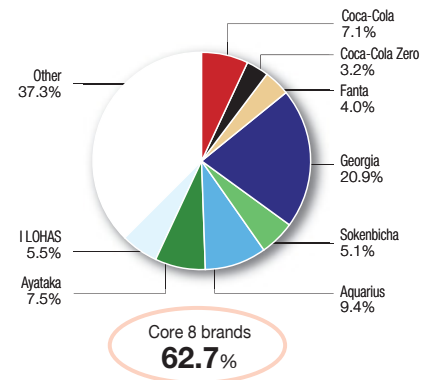
Coca-Cola, Coca-Cola Zero, Fanta, Georgia, Sokenbicha, Aquarius, Ayataka, and I LOHAS are our core eight brands. In 2014, our investments were particularly centered on Coffee, Sparkling, and Sugarless Tea, and thereby we made efforts to strengthen sales for increased growth.

### Sales Volume by Brand

(unit: 1,000 cases)

	2013	2014	Percentage change
<b>Core 8 Brands</b>			
■ Coca-Cola	15,281	15,313	+0.2%
■ Coca-Cola Zero	7,049	6,928	(1.7)%
■ Fanta	9,068	8,761	(3.4)%
■ Georgia	44,746	45,351	+1.4%
■ Sokenbicha	11,835	11,005	(7.0)%
■ Aquarius	22,896	20,321	(11.2)%
■ Ayataka	14,433	16,205	+12.3%
■ I LOHAS	9,543	11,852	+24.2%
□ Other	82,508	80,939	(1.9)%
<b>Total</b>	<b>217,359</b>	<b>216,675</b>	<b>(0.3)%</b>

### Composition of Sales Volume in 2014



### Other Major Brands



GEORGIA

## Georgia

To respond to increased preference for authentic coffees, we fully reviewed and renewed our coffee beans and manufacturing processes, such as roasting and extraction, for “Georgia European” series under the supervision of Sarutahiko Coffee, a specialty coffee shop. In addition, for “Kaoru Black” and “Jukuren Blend”, bottled cans, which are gaining demand, are adopted, and we strengthened product lineups meeting customer needs at convenience stores and vending machines.



European  
“Kaoru Black”  
290ml bottled can



European  
“Jukuren Blend”  
270ml bottled can



## Coca-Cola



## Coca-Cola Zero

“Coca-Cola” has been appreciated by people around the world over 120 years across national borders and cultural framework, and is currently sold in more than 200 countries.

In 2014, we strengthened sales by making the most of the official sponsor of the FIFA World Cup being The Coca-Cola Company, such as running campaigns. In addition, in a bid to tighten relationships between the Coca-Cola brand and respective customers, we launched “name bottles” with more than 250 types of first and last names printed on a label, while striving to make our brands more active by carrying out an event where an original “name bottle” is made.



Name bottles



## Ayataka

We released the “Ayataka Maroyaka Jitate” based on the Ayataka brand, which is characterized by an authentic green tea taste with turbidity like taste made using a teapot. This tea provides mild sweetness and clear aftertastes and responds to meeting the extensive preference of customers. Through these efforts, we acquired customers and increased drinking opportunities at home.



“Ayataka Maroyaka Jitate”  
525ml PET bottle



## Karada Sukoyaka Cha W

The “Karada Sukoyaka Cha W” is a food for specified health use (FOSHU) which has two functions of 1) blocking the absorption of fat and 2) making the absorption of glucose moderate through functions of the plant-based dietary fiber / indigestible dextrin. Since the launch in April 2014, it gains recognition through TV commercials and sampling events, and we have thoroughly been appealing its product characteristics toward a wide range of customers. Moreover, in October 2014, we strengthened sales throughout the year, such as launching humidified products. As a result, the “Karada Sukoyaka Cha W” sold well and its sales volume came to 1,350 thousand cases in our areas in 2014.



“Karada Sukoyaka Cha W”  
350ml PET bottle



## Packaging Strategies

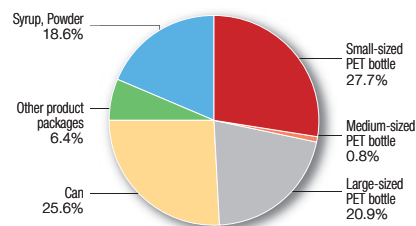
Coca-Cola West has developed various packaging (both in terms of volume and container) for each product it offers. We provide products that meet consumer needs by developing the optimal packaging for each category of customer and sales venue.

### Sales Volume by Packaging

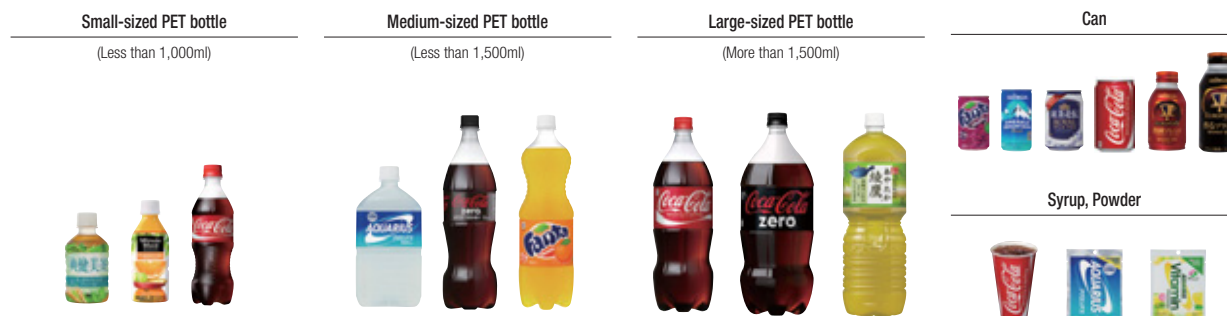
(Unit: 1,000 cases)

	2013	2014	Percentage change
PET	■ Small-sized (less than 1,000 ml)	58,499	60,030 (+2.6%)
	■ Medium-sized (less than 1,500 ml)	1,801	1,697 (5.8)%
	■ Large-sized (1,500 ml or more)	43,659	45,262 (+3.7%)
	Subtotal	103,959	106,989 (+2.9%)
■ Can	56,197	55,380 (1.5)%	
■ Other product packages	15,534	13,900 (10.5)%	
■ Syrup, Powder	41,669	40,406 (3.0)%	
Total	217,359	216,675 (0.3)%	

Composition of Sales Volume in 2014



### Main Packaging Formats



## NEW PACKAGING

### “Peko Raku Bottle”

In November 2014, the “Peko Raku Bottle”, which is pourable and crushable than existing 2LPET bottles, has been released. The “Peko Raku Bottle” is new packaging with additional value that the weight is 6g lighter and the size of the crushed container after drinking is about half in comparison to existing 2LPET bottles. For the purpose of sales increase, we made efforts to emphasize its characteristics and to differentiate from competitive products at supermarkets.

In 2014, the “Peko Raku Bottle” was adopted to NST including “Sokenbicha” and “Ayataka” as well as “Morinomizudayori”. In addition, “Aquarius” adopting the “Peko Raku Bottle” was released in March 2015. We have been expanding 2LPET bottle product lineups.



## 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.

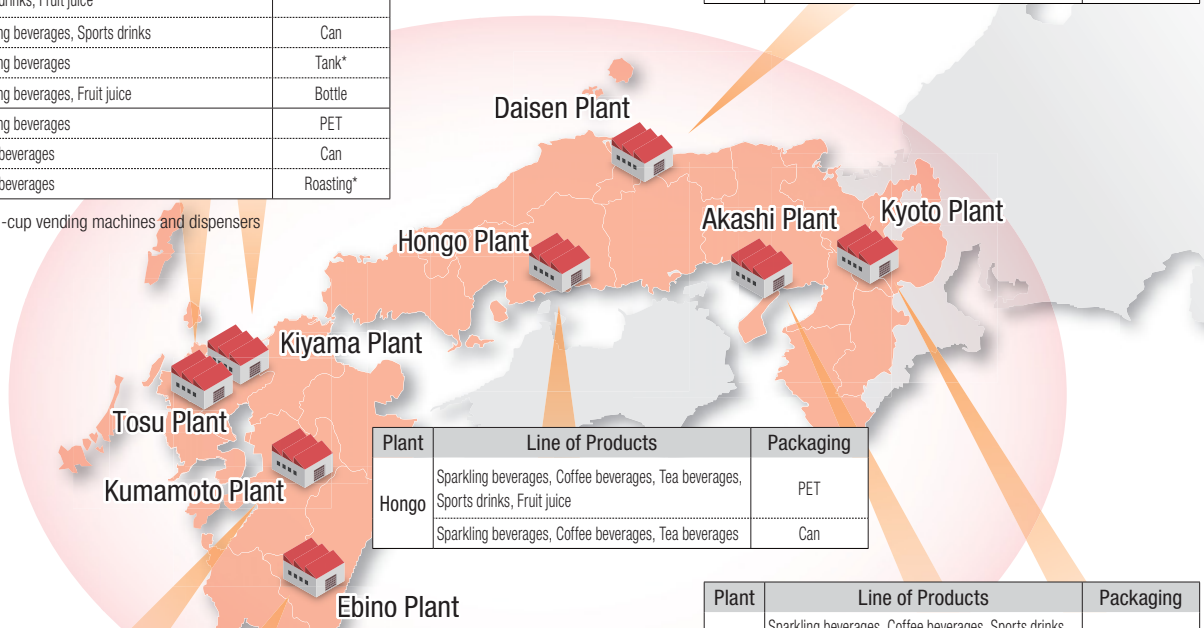
### Our group's 8 plants

As of December 31, 2014

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*
	Sparkling beverages, Fruit juice	Bottle
Tosu	Sparkling beverages	PET
	Coffee beverages	Can
	Coffee beverages	Roasting*

Plant	Line of Products	Packaging
Daisen	Mineral water	PET

\* Products for in-cup vending machines and dispensers



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

\* Products for in-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, Tea 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 in-cup vending machines and dispensers



### Technological Innovation for Introduction of New Packaging

In 2014, we introduced new packaging into canned coffee and large-sized PET bottle products by technological innovation in production lines, which has realized the reduction of environmental burdens as well as materials costs. As for canned coffee, materials of cans were changed from steel to aluminum to reduce the amount and costs of materials used. As for large-sized PET bottle products, the amount of materials used was reduced by 6g in comparison to existing bottles to reduce the materials costs ("Peko Raku Bottle": Refer to P11). These new packaging, which became lighter than existing packaging, contributes to the reduction of CO<sub>2</sub> emissions from transport as well as the reduction of distribution costs. We will provide improved additional value to consumers and secure competitive advantage in supply chain through active introduction of advanced technology.



# 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.



## CHANNEL STRATEGIES

Products are delivered through home shopping and retail stores. In 2014, 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

With regard to home shopping channels, we conduct advertising in programs such as infomercials and receive orders and provide guidance at our call centers.

As for the year 2014, we made efforts to acquire new consumers and promote sales with existing consumers by implementing effective and efficient advertisement according to each product while creating richer content for infomercials. In addition, at our call centers, we proposed various products by identifying consumers' characteristics and needs in order to increase sales, and pharmacists and personnel with expertise responded to consumers' inquiries and demands in order to increase their satisfaction.



Infomercials

## PRODUCT STRATEGIES

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

### HEALTHCARE PRODUCTS

#### ● Glucosamine Z

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

In 2014, with the aim of gaining share and increasing awareness in the active glucosamine market, we implemented aggressive sales promotion through TV commercials to gain new consumers. Furthermore, we delivered information booklets about health maintenance together with products for the purpose of growing consumers’ health consciousness as well as continuous purchases. These efforts resulted in increase of sales of “Glucosamine Z” in 2014 over the prior year.



Glucosamine Z

#### ● Hyaluronan Collagen

“Hyaluronan Collagen” enables the user to replenish hyaluronic acids, collagen and chondroitin, and it has the largest share of home shopping sales in the collagen health food product market\*. This product is a favorite of many users daily, with its ease of use by mixing it into beverages and into meals.

In 2014, we implemented effective and efficient sales promotion including changing the contents of infomercials. Furthermore, in preparation for the relaxation of regulations for “nutrient functional labeling” on health food products effective in April 2015, we have been promoting measures with the aim of enhanced sales after 2015.



Hyaluronan Collagen

\*Source: Yano Research Institute Ltd. (As of October 2014)

### SKINCARE PRODUCTS

#### ● Cola-rich Series

“Cola-rich” is an all-in-one beauty gel cream, with all the functions of a toner, lotion, serum and skin cream contained in one product.

In 2014, we strengthened sales by proposing related items, according to consumer needs, including “Cola-rich EX” with three times the collagen compared to “Cola-rich” and “Cola-rich BB Cream” which is an all-in-one foundation. In October 2014, “Cola-rich EX Super Moist”, which is added to “Cola-rich EX”, the independently-developed collagen with new functionality, was newly released. We strove to enrich the product lineup of the “Cola-rich” series with the goal of enhanced sales of the entire series.



Cola-rich EX

Cola-rich BB Cream

Cola-rich EX Super Moist

# CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

## 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.

### Super Energy-Saving Peak Shift Vending Machine

"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 also 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.

As of the end of December 2014, we installed about 30,000 Peak Shift Vending Machines and we will install additional machines in 2015 as well.



Peak Shift Vending Machines

- Maximum 95% Cuts daytime summer electricity consumption**  
Cools all stored products at once during the night, significantly reducing daytime electricity consumption.
- Non-Freon Natural refrigerant**  
Non-Freon that is least affected by global warming is used.
- Motion Sensor Equipped**  
An energy-saving system that lights when someone nears and does not light when there is no one there.
- Cools Quickly**  
Cooling performance improved more than before.
- Cuts annual electricity consumption**  
Reduces electricity consumption throughout the year.
- New LED Lighting**  
LED lighting that gleams between both ends illumines goods.
- Quiet Noise**  
When the cooling system is off, "noises of erasing characters quietly with an eraser" are only heard.
- Cooling is suspended for up to 16 hours with goods remaining cooled**  
During the daytime, standby electricity is used only for operation.

### 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, events, and sports organizations within the community. This allows us to work together with our customers and consumers in supporting local communities. As of the end of December 2014, about 5,700 of these vending machines were in service.



Vending Machine for Supporting Organ Transplantation



Cosmos Network Supporting Vending Machine

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

In the event that supply lines are severely disrupted by earthquakes or other disasters, Disaster-Response Vending Machines can be set to provide free soft drinks to residents in disaster-stricken areas by remote control from local administrative offices via telecommunications network. These machines are also outfitted with digital displays that provide real-time information such as emergency evacuation sites and maps. As of December 31, 2014, we have installed a total of 2,100 Disaster-Response Vending Machines to contribute to the safety of local residents.



Disaster-Response Vending Machine

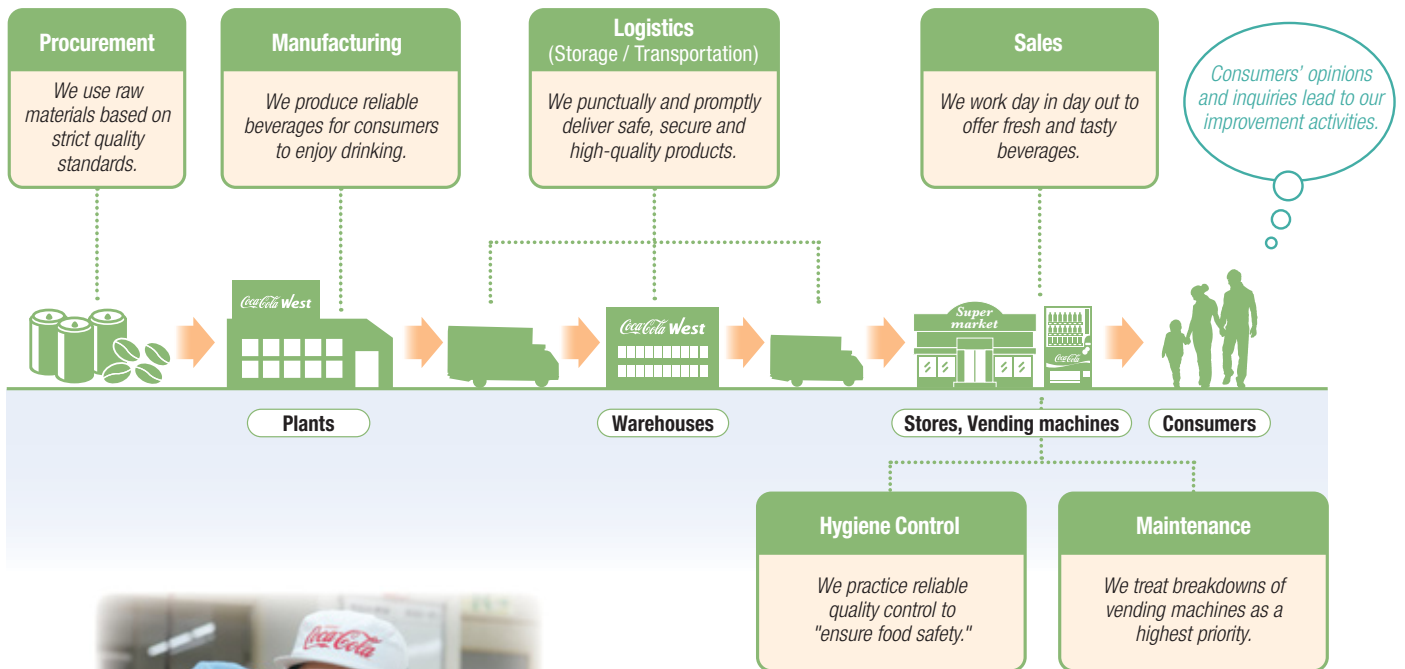


# Quality Control Initiatives

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

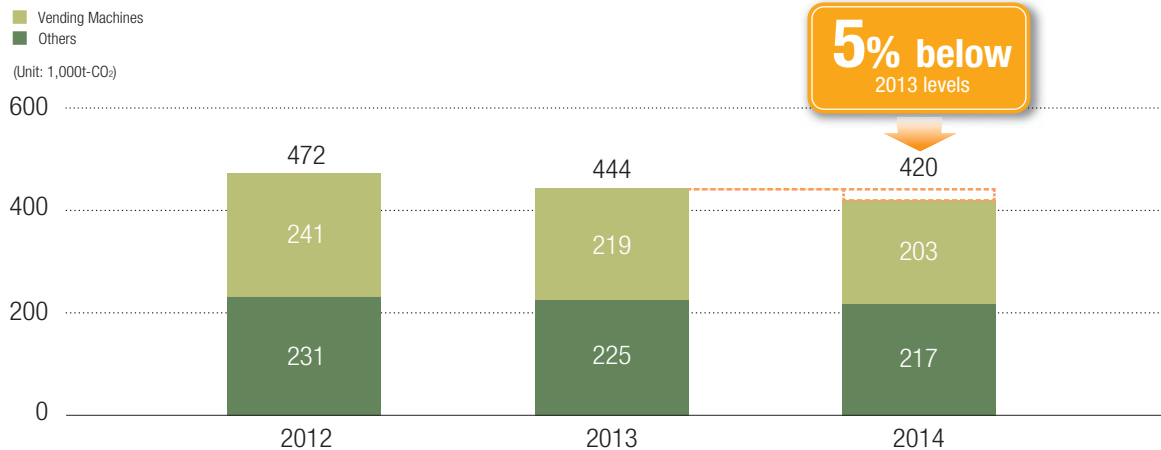


## Global Environmental Protection Activities

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

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 2014 were reduced by 5% from the previous year as efforts on active vending machines were made successfully.

[ Greenhouse Gas Emissions (CO<sub>2</sub>) ]



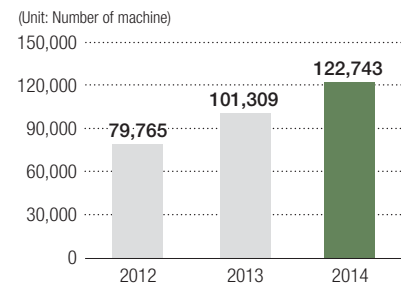
#### Vending Machine Initiatives

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 vend-

ing 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 2014, we had placed about 120,000 Environmentally Friendly Vending Machines.

[ Transition of number of Environmentally Friendly Vending Machines in Service ]



#### Other Initiatives

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

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

**\*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.

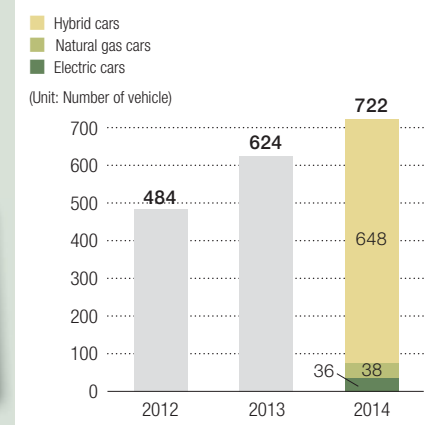


Natural gas cars



Electric cars

[ Number of Eco-Cars ]



## Water Resource Protection Activities

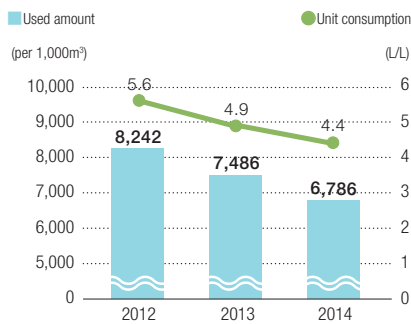
In the Soft Drink Business, to fulfill our social responsibility as a company that uses water as an irreplaceable key ingredient in our products, we are engaged in efforts to reduce our water use, recycle water, and protect local water resources.

### Reduction of Water Consumption

We strive to make effective use of water in our manufacturing processes. Our water use in 2014 was down 10% from the previous year on unit consumption\* to 4.4 L/L.

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

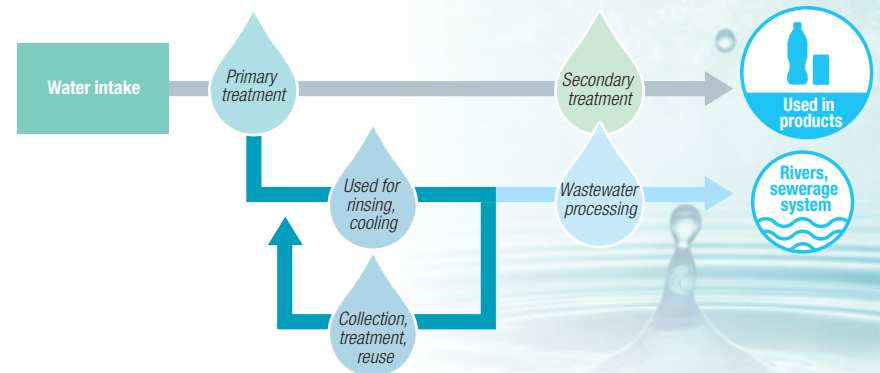
[ Water Usage and Unit Consumption ]



### Water Recycling

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

[ Plant Water Treatment Flow Chart ]



### Local Water Resource Protection

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

## Recycling Activities

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

At the Kita Kyushu Sawayaka Recycling Center, which is run by our group, collected containers are sorted into steel cans, aluminum cans, PET bottles, and glass bottles for 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.

In addition to trying to reduce waste generated by our manufacturing process, we also work to sort and recycle any waste produced. In 2014, 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.

[ Volume and Recycling Rate of Waste from Production Plants in 2014 ]

Waste type	Volume Generated (Tons)	Recycling Rate	Recycling Usage
Coffee grounds	25,237	100.00%	Organic fertilizer
Tea leaves	13,800	100.00%	
Slurry	6,085	99.62%	
Waste plastic	998	99.69%	Recycled plastic fuel
Glass	259	99.70%	Recycled cullet
Metals	287	98.64%	Recycled iron and steel, aluminum Cans
Waste oil	19	97.92%	Recycled oil
Paper	1,138	100.00%	Cardboard, Recycled paper
Other	159	84.47%	Base course material
<b>Total</b>	<b>47,982</b>	<b>99.88%</b>	

## Local Community Contribution Activities, Local Environment Improvement Activities

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

The activities are described below.

### Resolutions of the general meeting of shareholders

Appropriation of funding retained earnings

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

## LOCAL COMMUNITY CONTRIBUTION ACTIVITIES

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



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

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

In 2014, we donated teaching tools to 19 schools in our sales territory.



### Donation of Unicycles to Elementary Schools

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

We donated 1,200 unicycles to 120 schools in our sales territory in 2014.



### 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.

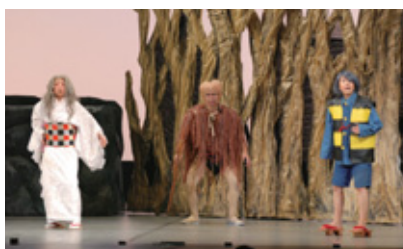
In 2014, rugby clinics were held in Fukuoka, Osaka, Hiroshima, Kumamoto, and Oita Prefectures.



### 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 2014, we held the Wiener Ring Ensemble in Fukuoka, the Solisti Filarmonici Italiani Concert in Osaka, the 8 Super Cello Ensemble in Hiroshima, and the Teiko Maehashi & Kazumasa Matsumoto Concert in Kumamoto. These masterful performances were a real treat for the local residents who had the pleasure of attending.



### Family Musicals

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

In 2014, we arranged performances of Gegege-no-kitarou – Jumanokudono-inoriuta at four locations in the prefectures of Fukuoka, Osaka, Hiroshima and Kumamoto. We invited local residents to come out and enjoy the performances with their families.



### Ichimura Shizenjuku-Kyushu

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



## LOCAL ENVIRONMENT IMPROVEMENT ACTIVITIES

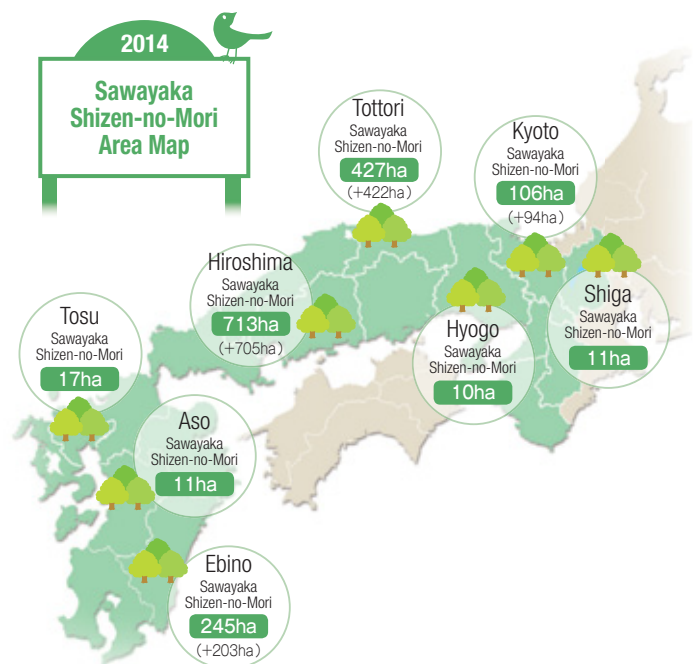
We recognize global environmental protection as a crucially important issue, and therefore, we contribute to the development of sustainable society with the slogan of “Sawayaka for people and the environment (fine people and pleasant environment).”



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

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

In 2014, as many as 400 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. In addition, we expanded the areas of the Sawayaka Shizenno-Mori in the prefectures of Kyoto, Tottori, Hiroshima and Miyazaki for enhancing our efforts.



### 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 2014, we held a workshop for around 60 local elementary school children at the Hongo Plant in Hiroshima Prefecture and at Hiroshima Sawayaka Shizenno-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

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

In 2014, about 700 participants, including employees and their family members, joined cleanup activities, contributing to the beautification of those communities at 14 locations in our business area.

# FINANCIAL INFORMATION

## Business Results for Fiscal 2014

### Operating Results

#### ■ Net Revenues

Net revenues decreased ¥7,304 million to 424,406 million (a 1.7% YOY decrease). By business, in the Soft Drink Business, despite an increase in net revenues on the back of making Minami Kyushu Coca-Cola Bottling Co., Ltd., a wholly owned subsidiary, as of April 1, 2013 through share exchange, net revenues decreased ¥4,111 million from the previous year to ¥390,620 million (a 1.0% YOY decrease) due mainly to a decline in sales volume reflecting unseasonable weather in summer and other factors, including a long spell of rain in western Japan and a fall etc. in unit sales prices caused by fiercer competition. In the Healthcare & Skincare Business, net revenues decreased ¥3,192 million from the previous year to ¥33,786 million (an 8.6% YOY decrease) due to decreased sales.

#### ■ Operating Income / Recurring Income

Operating income decreased ¥4,919 million from the previous year to ¥11,008 million (a 30.9% YOY decrease). By business, in the Soft Drink Business, operating income decreased ¥2,281 million from the previous year to ¥8,102 million (a 22.0% YOY decrease) due to the above-mentioned decrease in net revenues and an increase in SG&A expenses, etc. In the Healthcare & Skincare Business, operating income decreased ¥2,638 million from the previous year to ¥2,905 million (a 47.6% YOY decrease) due to the above-mentioned decrease in net revenues, etc.

Recurring income decrease ¥5,997 million from the previous year to ¥10,609 million (a 36.1% YOY decrease) was due mainly to investment return that arose under the equity method associated with the acquisition of treasury stocks by Minami Kyushu Coca-Cola Bottling Co., Ltd. in the previous year, as well as decreased operating income.

#### ■ Net Income

In addition to decreased recurring income, we incurred gains on negative goodwill associated with the above-mentioned new consolidation in the previous year and other factors. Because of this, net income decreased ¥9,142 million from a year earlier to ¥4,482 million (a 67.1% YOY decrease).

### Financial Position

Our equity ratio for the current period was 75.2%, indicating that the company remains in sound financial standing.

#### ■ Assets and Liabilities

Net assets as of the end of the current period decreased ¥37,157 million from the end of the previous year to ¥337,260 million (a 9.9% decrease from the end of the previous period). This is mainly attributable to 30,000 million yen redemption of bonds. Liabilities at the end of the current period decreased ¥33,371 million from the end of the previous period to ¥83,109 million (a 28.6% decrease from the end of the previous period). This is primarily due to the redemption of bonds.

#### ■ Net Assets

Net assets as of the end of the current period decreased ¥3,785 million from the end of the previous year to ¥254,150 million (a 1.5% decrease from the end of the previous period). This is mainly attributable to a decrease in retained earnings resulting from early application of accounting standards for retirement benefits, etc.

#### ■ Consolidated Cash Flows

##### Net Cash provided by Operating Activities

Net cash provided by operating activities was ¥28,628 million (¥40,082 million in the previous year period). Net cash provided by operating activities for the current year decreased ¥11,454 million from the previous year. This is mainly attributable to a decrease in changes of accounts receivable and changes of inventories.

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

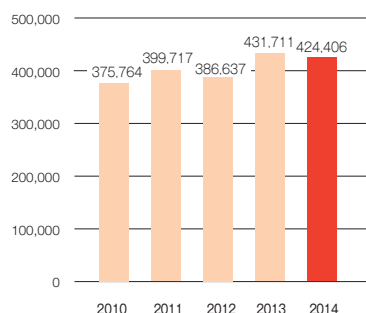
Net cash provided by/used in investing activities was negative ¥9,590 million (negative ¥16,493 million in the previous year period). Net cash provided by/used in investing activities for the current period was positive ¥6,903 million from the previous year. This is mainly attributable to an increase in proceeds from refund of time deposits of ¥7,197 million.

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

Net cash provided by/used in financing activities was negative ¥37,498 million (negative ¥8,286 million in the previous year period). Net cash provided by/used in financing activities for the current period decreased ¥29.212 million from the previous period. This is mainly attributable to redemption of bonds of ¥30,000 million.

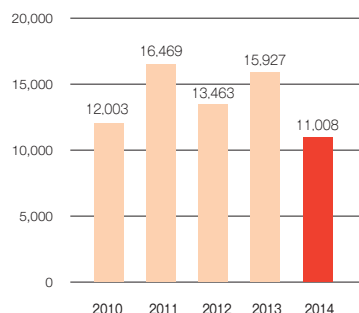
### Net Revenues

(Unit: Millions of yen)



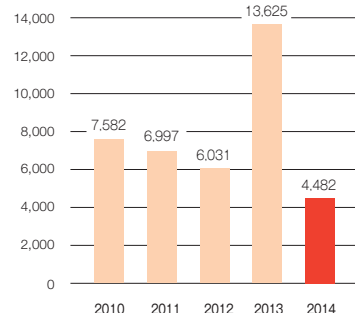
### Operating Income

(Unit: Millions of yen)



### Net Income

(Unit: Millions of yen)



## Business Results by Business Segment

### Soft Drink Business

On the sales side, in each of our sales channels, we focused our efforts on strengthening product line ups according to purchasing and drinking opportunities of consumers in specific retail locations while striving to enhance the quality of sales activities and expand the market share and earnings by thoroughly carrying out sales activities in the market through the use of IT tools supporting sales activities and the provision of services that are most suitable for each of our customers.

As for product strategy, we focused on coffee beverages, sparkling beverages and sugarless teas and launched new products with the aim of definitely capturing the needs of consumers and increasing sales. As channel strategy, we established categories of customers and areas (prefectures) that are focused on in respective sales channels and worked on drawing up and implementing more detailed strategies and measures while keeping in mind the competitive environment for each category of customers and each area.

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

In the area of SCM (Supply Chain Management), we put in place a flexible supply system to respond to diversifying needs of consumers while pursuing efforts for promoting internal production of PET bottles and reducing the use of materials in a bid to trim production costs.

Despite these efforts, our net revenues in this business for the period ended December 2014 were ¥390,620 million (a 1.0% YOY decrease) with operating income of ¥8,102 million (a 22.0% YOY decrease).

### Healthcare & Skincare Business

The Healthcare & Skincare Business is conducted by Q'sai Co., Ltd., our subsidiary, and its four subsidiaries.

Looking at product strategy, to capture the needs of consumers, we rolled out products in the various fields, including healthcare products Kale Powder, Hyaluronan Collagen, Glucosamine Z, and Peptide Ace (food for specified health uses) as well as the skincare product Cola-rich. As channel strategy, in home shopping sales, a major sales channel, we were enhancing its programs while efficiently and effectively allocating advertisement expenses depending on products, together with optimal combination of advertising media. Backed by these measures, we acquired new consumers and prompted existing consumers to continue purchasing our products. In addition, we took measures for enforcement of a "new labeling system for food functionality" regarding the package labeling of food, including health food.

Despite these efforts, our net revenues in this business for the period ended December 2014 were ¥33,786 million (an 8.6% YOY decrease) with operating income of ¥2,905 million (a 47.6% YOY decrease).

(Unit: Millions of yen)

	2013			2014		
	Soft Drink Business	Healthcare & Skincare Business	Total	Soft Drink Business	Healthcare & Skincare Business	Total
Net revenues	¥ 394,731	¥ 36,979	¥ 431,711	¥ 390,620	¥ 33,786	¥ 424,406
Segment income <sup>*1</sup>	¥ 10,383	¥ 5,544	¥ 15,927	¥ 8,102	¥ 2,905	¥ 11,008

(Unit: Thousands of U.S. dollars)<sup>\*2</sup>

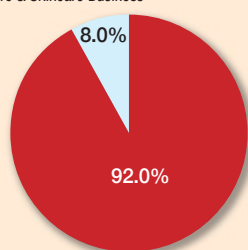
	2013			2014		
	Soft Drink Business	Healthcare & Skincare Business	Total	Soft Drink Business	Healthcare & Skincare Business	Total
Net revenues	\$ 3,293,275	\$ 308,520	\$ 3,601,795	\$ 3,258,969	\$ 281,882	\$ 3,540,852
Segment income <sup>*1</sup>	\$ 86,629	\$ 46,256	\$ 132,885	\$ 67,597	\$ 24,243	\$ 91,840

<sup>\*1</sup> Segment income concurs with operating income in the consolidated statements of income.

<sup>\*2</sup> Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 119.86 yen against the U.S. dollar (as of December 31, 2014) is used for conversion.

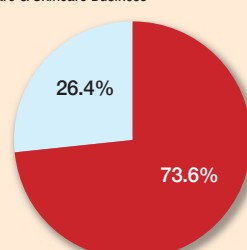
Net Revenues Composition Ratio for 2014

■ Soft Drink Business  
■ Healthcare & Skincare Business



Operating Income Composition Ratio for 2014

■ Soft Drink Business  
■ Healthcare & Skincare Business



## Consolidated Balance Sheets

(As of December 31)

	2012	2013	(Unit: Millions of yen) 2014	(Unit: Thousands of U.S. dollars)* 2014
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Deposits	¥22,157	¥45,632	¥41,996	\$350,377
Trade Notes and Accounts Receivable	23,472	26,876	27,797	231,917
Marketable Securities	30,702	25,132	100	834
Merchandise and Finished Goods	24,226	26,621	25,659	214,080
Work in Process	472	566	547	4,569
Raw Materials and Supplies	1,662	2,071	2,166	18,078
Deferred Tax Assets (Current Portion)	3,885	4,933	3,299	27,529
Other	14,245	14,696	14,798	123,463
Allowance for Doubtful Accounts	(414)	(352)	(316)	(2,636)
<b>Total Current Assets</b>	<b>120,411</b>	<b>146,178</b>	<b>116,050</b>	<b>968,214</b>
<b>Fixed Assets:</b>				
<b>Property, Plant and Equipment:</b>				
Buildings and Structures, net	32,259	35,826	33,132	276,429
Machinery, Equipment, Vehicles, net	18,487	24,818	23,252	193,997
Sales Equipment, net	20,727	25,390	27,113	226,211
Land	52,208	59,908	59,155	493,540
Construction in Progress	2,245	14	11	99
Other, net	1,826	1,654	1,457	12,158
<b>Total Property, Plant and Equipment</b>	<b>127,754</b>	<b>147,613</b>	<b>144,124</b>	<b>1,202,437</b>
<b>Intangible Assets:</b>				
Goodwill	44,723	42,189	39,539	329,877
Other	5,190	7,118	8,160	68,084
<b>Total Intangible Assets</b>	<b>49,914</b>	<b>49,307</b>	<b>47,699</b>	<b>397,961</b>
<b>Investments and Other Assets:</b>				
Investment Securities	25,738	17,306	19,162	159,873
Deferred Tax Assets	2,206	1,635	1,708	14,252
Advanced Payments for Retirement Expenses	4,729	4,479	—	—
Other	7,070	8,315	8,914	74,371
Allowance for Doubtful Accounts	(476)	(418)	(398)	(3,326)
<b>Total Investments and Other Assets</b>	<b>39,268</b>	<b>31,317</b>	<b>29,386</b>	<b>245,171</b>
<b>Total Fixed Assets</b>	<b>216,937</b>	<b>228,239</b>	<b>221,210</b>	<b>1,845,571</b>
<b>Total Assets</b>	<b>¥337,348</b>	<b>¥374,418</b>	<b>¥337,260</b>	<b>\$2,813,785</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 119.86 yen against the U.S. dollar (as of December 31, 2014) is used for conversion.



	2012	2013	(Unit: Millions of yen) 2014	(Unit: Thousands of U.S. dollars)* 2014
<b>LIABILITIES</b>				
<b>Current Assets:</b>				
Trade Notes and Accounts Payable	¥14,502	¥16,278	¥17,750	\$148,095
Current Portion of Bonds Payable	—	30,000	—	—
Current Portion of Long-Term Loans Payable	2,517	2,517	2,517	21,007
Accrued Income Taxes	3,006	3,165	2,024	16,888
Other Accounts Payable	14,630	17,624	20,649	172,276
Provision for Sales Promotion Expenses	173	203	260	2,173
Other	6,156	12,098	8,173	68,190
<b>Total Current Liabilities</b>	<b>40,988</b>	<b>81,889</b>	<b>51,375</b>	<b>428,631</b>
<b>Long-Term Liabilities:</b>				
Bonds Payable	50,000	20,000	20,000	166,861
Long-Term Loans Payable	7,755	5,237	2,719	22,692
Deferred Tax Liabilities	2,624	3,655	1,270	10,603
Allowance for Employees' Retirement Benefits	947	2,048	—	—
Liability for Retirement Benefits	—	—	3,871	32,299
Provision for Directors' Retirement Benefits	130	149	149	1,245
Other	3,845	3,501	3,722	31,057
<b>Total Long-Term Liabilities</b>	<b>65,303</b>	<b>34,592</b>	<b>31,734</b>	<b>264,759</b>
<b>Total Liabilities</b>	<b>106,292</b>	<b>116,481</b>	<b>83,109</b>	<b>693,390</b>
<b>NET ASSETS</b>				
<b>Shareholders' Equity:</b>				
Common Stock	15,231	15,231	15,231	127,081
Capital Surplus	109,072	109,072	109,072	909,996
Retained Earnings	132,587	135,619	131,355	1,095,911
Treasury Stock	(25,765)	(4,577)	(4,580)	(38,218)
<b>Total Shareholders' Equity</b>	<b>231,125</b>	<b>255,346</b>	<b>251,079</b>	<b>2,094,771</b>
<b>Other Accumulated Comprehensive Income:</b>				
Net Unrealized Gain (Loss) on Other Marketable Securities	(449)	2,214	3,389	28,278
Deferred Gains or losses on hedges	—	(1)	317	2,645
Foreign Currency Translation Adjustments	—	—	16	133
Cumulative Adjustments for Retirement Benefits	—	—	(1,026)	(8,562)
<b>Total Other Accumulated Comprehensive Income</b>	<b>(449)</b>	<b>2,212</b>	<b>2,696</b>	<b>22,495</b>
<b>Minority Interests</b>	<b>380</b>	<b>377</b>	<b>374</b>	<b>3,128</b>
<b>Total Net Assets</b>	<b>231,056</b>	<b>257,936</b>	<b>254,150</b>	<b>2,120,394</b>
<b>Total Liabilities and Net Assets</b>	<b>¥337,348</b>	<b>¥374,418</b>	<b>¥337,260</b>	<b>\$2,813,785</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 119.86 yen against the U.S. dollar (as of December 31, 2014) is used for conversion.

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

(January 1 to December 31)

Consolidated Statements of Income	2012	2013	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)*
			2014	2014
<b>Net Revenues</b>	<b>¥386,637</b>	<b>¥431,711</b>	<b>¥424,406</b>	<b>\$3,540,852</b>
<b>Cost of Goods Sold</b>	<b>195,842</b>	<b>216,423</b>	<b>211,525</b>	<b>1,764,771</b>
<b>Gross Profit</b>	<b>190,795</b>	<b>215,287</b>	<b>212,881</b>	<b>1,776,080</b>
<b>Selling, General and Administrative Expenses</b>	<b>177,331</b>	<b>199,359</b>	<b>201,873</b>	<b>1,684,240</b>
<b>Operating Income</b>	<b>13,463</b>	<b>15,927</b>	<b>11,008</b>	<b>91,840</b>
<b>Non-Operating Income</b>	<b>1,492</b>	<b>1,973</b>	<b>1,264</b>	<b>10,551</b>
Interest Income	85	109	79	667
Dividends	271	313	339	2,831
Equity in Earnings of Affiliates	631	1,074	87	732
Gain on Sales of Property, Plant and Equipment	2	6	205	1,715
Other Non-Operating Income	501	468	551	4,604
<b>Non-Operating Expenses</b>	<b>1,110</b>	<b>1,294</b>	<b>1,663</b>	<b>13,880</b>
Interest Expenses	626	602	550	4,596
Loss on Disposal of Property, Plant and Equipment	303	254	489	4,080
Other Non-Operating Expenses	181	436	623	5,203
<b>Recurring Income</b>	<b>13,845</b>	<b>16,606</b>	<b>10,609</b>	<b>88,512</b>
<b>Extraordinary Income</b>	<b>64</b>	<b>14,687</b>	<b>611</b>	<b>5,102</b>
Gain on Sales of Property, Plant and Equipment	—	248	189	1,582
Gain on Sales of Investment Securities	64	—	421	3,519
Gains on Negative Goodwill	—	14,438	—	—
<b>Extraordinary Losses</b>	<b>1,723</b>	<b>12,563</b>	<b>2,810</b>	<b>23,451</b>
Impairment Loss	183	1,008	—	—
Loss from Disaster	39	—	24	200
Loss on Disposal of Property, Plant and Equipment	—	634	—	—
Write-down of Investment Securities	317	—	16	139
Write-down of Golf Club Memberships	10	—	—	—
Loss on Disposal of Inventories	—	—	421	3,517
Goods Indication Response Expenses	—	—	190	1,586
Losses Due to Provision for Quality Problems	1,173	—	—	—
Business Integration-Related Expenses	—	1,025	—	—
Losses on Step Acquisitions	—	5,567	—	—
Structural Reform Costs	—	4,327	981	8,185
Restructuring Expenses	—	—	760	6,341
Loss on Liquidation of Affiliates	—	—	417	3,479
<b>Income before Income Taxes, Minority Interests and Other Adjustments</b>	<b>12,186</b>	<b>18,730</b>	<b>8,409</b>	<b>70,162</b>
<b>Income Taxes</b>	<b>3,895</b>	<b>3,990</b>	<b>2,531</b>	<b>21,120</b>
<b>Income Tax Adjustments</b>	<b>2,218</b>	<b>1,070</b>	<b>1,363</b>	<b>11,372</b>
<b>Total Income Taxes</b>	<b>6,113</b>	<b>5,060</b>	<b>3,894</b>	<b>32,493</b>
<b>Income before Minority Interests</b>	<b>6,072</b>	<b>13,670</b>	<b>4,515</b>	<b>37,669</b>
<b>Minority Interests</b>	<b>41</b>	<b>44</b>	<b>32</b>	<b>270</b>
<b>Net Income</b>	<b>¥6,031</b>	<b>¥13,625</b>	<b>¥4,482</b>	<b>\$37,398</b>

\*Amounts in U.S. dollars are presented for the purpose of convenience only. Exchange rate of 119.86 yen against the U.S. dollar (as of December 31, 2014) is used for conversion.

Consolidated Statements of Comprehensive Income	2012	2013	(Unit: Millions of yen)	(Unit: Thousands of U.S. dollars)*
			2014	2014
<b>Income before Minority Interests</b>	<b>¥6,072</b>	<b>¥13,670</b>	<b>¥4,515</b>	<b>\$37,669</b>
<b>Other Comprehensive Income</b>				
Net Unrealized Gain (Loss) on Other Marketable Securities	1,245	2,664	1,174	9,801
Foreign Currency Translation Adjustments	—	—	16	133
Adjustments for Retirement Benefits	—	—	893	7,454
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	8	(1)	332	2,771
Total Other Comprehensive Income	1,253	2,662	2,416	20,160
<b>Comprehensive Income</b>	<b>¥7,326</b>	<b>¥16,332</b>	<b>¥6,931</b>	<b>\$57,830</b>
<b>(Breakdown)</b>				
Comprehensive Income Attributable to Owners of the Parent Company	7,284	16,287	6,899	57,559
Comprehensive Income Attributable to Minority Interests	41	44	32	270

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## Consolidated Statements of Changes in Shareholders' Equity

(January 1 to December 31)

[ Unit : Millions of yen ]	Shareholders' Equity					Other Accumulated Comprehensive Income					Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Other Marketable Securities	Deferred Hedge Gain (Loss)	Foreign Currency Translation Adjustments	Cumulative Adjustments for Retirement Benefits	Total Other Accumulated Comprehensive Income		
Balance as of January 1, 2014	¥15,231	¥109,072	¥135,619	¥ (4,577)	¥255,346	¥2,214	¥(1)	—	—	¥ 2,212	¥377	¥257,936
Cumulative Effect of Changes in Accounting Policies	—	—	(4,271)	—	(4,271)	—	—	—	(1,932)	(1,932)	—	(6,204)
Balance as of January 1, 2014 Reflecting Changes in Accounting Policies	15,231	109,072	131,348	(4,577)	251,074	2,214	(1)	—	(1,932)	279	377	251,731
<b>Changes during the Consolidated Fiscal Year 2014</b>												
Distribution of Dividends	—	—	(4,474)	—	(4,474)	—	—	—	—	—	—	(4,474)
Net Income	—	—	4,482	—	4,482	—	—	—	—	—	—	4,482
Acquisition of Treasury Stock	—	—	—	(3)	(3)	—	—	—	—	—	—	(3)
Cancellation of Treasury Stock	—	—	(0)	0	0	—	—	—	—	—	—	0
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	—	—	—	—	—	1,174	318	16	906	2,416	(2)	2,413
<b>Total Changes during the Fiscal Year</b>	—	—	7	(2)	4	1,174	318	16	906	2,416	(2)	2,418
Balance as of December 31, 2014	¥15,231	¥109,072	¥131,355	¥(4,580)	¥251,079	¥3,389	¥317	¥16	¥(1,026)	¥2,696	¥374	¥254,150

[ 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, 2014	\$127,081	\$909,996	\$1,131,485	\$(38,194)	\$2,130,369	\$18,477	\$(15)	—	—	\$18,461	\$3,148	\$2,151,980
Cumulative Effect of Changes in Accounting Policies	—	—	(35,636)	—	(35,636)	—	—	—	(16,126)	(16,126)	—	(51,763)
Balance as of January 1, 2014 Reflecting Changes in Accounting Policies	127,081	909,996	1,095,849	(38,194)	2,094,732	18,477	(15)	—	(16,126)	2,334	3,148	2,100,216
<b>Changes during the Consolidated Fiscal Year 2014</b>												
Distribution of Dividends	—	—	(37,334)	—	(37,334)	—	—	—	—	—	—	(37,334)
Net Income	—	—	37,398	—	37,398	—	—	—	—	—	—	37,398
Acquisition of Treasury Stock	—	—	—	(31)	(31)	—	—	—	—	—	—	(31)
Cancellation of Treasury Stock	—	—	(2)	7	5	—	—	—	—	—	—	5
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	—	—	—	—	—	9,801	2,661	133	7,564	20,160	(20)	20,139
<b>Total Changes during the Fiscal Year</b>	—	—	62	(24)	38	9,801	2,661	133	7,564	20,160	(20)	20,178
Balance as of December 31, 2014	\$127,081	\$909,996	\$1,095,911	\$(38,218)	\$2,094,771	\$28,278	\$2,645	\$133	\$(8,562)	\$22,495	\$3,128	\$2,120,394

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## Consolidated Statements of Cash Flows

(January 1 to December 31)

	2012	2013	(Unit: Millions of yen) 2014	(Unit: Thousands of U.S. dollars)* 2014
<b>Cash Flows from Operating Activities:</b>				
Income before Income Taxes, Minority Interests and Other Adjustments	¥12,186	¥18,730	¥8,409	\$70,162
Depreciation and Amortization	20,643	23,758	22,943	191,422
Impairment Gains	183	1,008	—	—
Amortization of Goodwill	2,643	2,649	2,649	22,108
Increase (Decrease) in Provision for Directors' Retirement Benefits	13	18	3	32
Increase (Decrease) in Liabilities for Retirement Benefits	(63)	304	—	—
Increase (Decrease) in Net Defined Benefit Liability	—	—	(1,726)	(14,403)
Decrease (Increase) in Advance Payments for Retirement Expenses	1,098	250	—	—
Interest and Dividend Income	(356)	(423)	(419)	(3,499)
Interest Expenses	626	602	550	4,596
Equity in Losses (Earnings) of Affiliates	(631)	(1,074)	(87)	(732)
Loss (Gain) on Sales of Marketable and Investment Securities	(64)	—	(421)	(3,519)
Write-down of Marketable and Investment Securities	317	—	16	139
Loss (Gain) on Sales of Fixed Assets	6	(247)	(370)	(3,090)
Loss on Disposal of Fixed Assets	246	710	404	3,371
Gains on Negative Goodwill	—	(14,438)	—	—
(Gains) Losses on Step Acquisitions	—	5,567	—	—
Loss on Liquidation of Affiliates	—	—	417	3,479
Decrease (Increase) in Accounts Receivable	1,764	604	(1,032)	(8,618)
Decrease (Increase) in Inventories	(2,491)	1,986	854	7,129
Decrease (Increase) in Other Assets	225	232	(97)	(814)
Increase (Decrease) in Accounts Payable	(4,154)	(693)	1,517	12,660
Increase (Decrease) in Other Liabilities	(1,746)	3,513	(1,260)	(10,516)
Other	366	602	37	316
Sub-total	30,811	43,662	32,389	270,226
Interest and Dividends Received	360	433	440	3,671
Interest Paid	(630)	(607)	(563)	(4,705)
Income Taxes Paid	(4,235)	(3,996)	(3,812)	(31,807)
Income Taxes Refunded	17	591	175	1,464
<b>Net Cash provided by Operating Activities</b>	<b>26,324</b>	<b>40,082</b>	<b>28,628</b>	<b>238,848</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of Marketable and Investment Securities	(26,319)	(25,887)	(1,021)	(8,525)
Proceeds from Sales of Marketable Securities and Investment Securities	31,843	33,625	6,958	58,055
Acquisition of Fixed Assets	(20,134)	(20,065)	(21,702)	(181,064)
Proceeds from Sales of Fixed Assets	512	755	1,475	12,311
Acquisition of Shares of Subsidiaries	—	(128)	(301)	(2,517)
Expenses for Sale of Shares of Subsidiaries with Change in Scope of Consolidation	—	—	(74)	(620)
Proceeds from the Sale of Shares of Subsidiaries with Changes in Scope of Consolidation	553	—	—	—
Proceeds from Sales of Shares of Affiliates	—	6	—	—
Long-Term Loans	(914)	(1,325)	(1,110)	(9,263)
Proceeds from Collection of Long-Term Loans	595	802	1,012	8,445
Increase in Time Deposits	(1,865)	(5,459)	(3,305)	(27,580)
Proceeds from Refund of Time Deposits	1,480	1,308	8,305	70,962
Other	6	(127)	(25)	(216)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(14,243)</b>	<b>(16,493)</b>	<b>(9,590)</b>	<b>(80,014)</b>
<b>Cash Flows from Financing Activities:</b>				
Expenses for Repayment of Long-Term Loans	(2,542)	(2,517)	(2,517)	(21,077)
Redemption of Bonds	—	—	(30,000)	(250,292)
Expenses for Acquisition of Treasury Stock	(2)	(5)	(3)	(31)
Proceeds from Sales of Treasury Stock	0	0	0	5
Dividends Paid	(4,098)	(4,282)	(4,474)	(37,334)
Dividends Paid to Minority Interests	(33)	(35)	(34)	(291)
Other	(472)	(1,445)	(467)	(3,903)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(7,149)</b>	<b>(8,286)</b>	<b>(37,498)</b>	<b>(312,855)</b>
Translation Differences for Cash and Cash Equivalents	—	—	16	133
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>4,930</b>	<b>15,302</b>	<b>(18,444)</b>	<b>(153,887)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>34,564</b>	<b>39,495</b>	<b>60,275</b>	<b>502,881</b>
<b>Increase in Cash and Cash Equivalents Associated with New Consolidation</b>	<b>—</b>	<b>5,477</b>	<b>—</b>	<b>—</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥39,495</b>	<b>¥60,275</b>	<b>¥41,830</b>	<b>\$348,994</b>

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## OTHER INFORMATION

### Risk Information

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Financial information and other data discussed in this annual review are subject to a variety of risks. Those risks, deemed most likely to have a significant impact on potential investment decisions, are presented below. The Coca-Cola West Group is fully aware of the possibility of these risks and thus works to avoid them or effectively deal with them should they arise.

Forward-looking statements herein reflect the judgment of management as of March 25, 2015.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sales of soft drinks are closely linked to trends in personal consumption. Any rapid decline in personal consumption caused by the sluggish Japanese economy or a 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, 2015)

### (1) Fundamental Stance on Corporate Governance

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

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

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

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

#### a. Number of Directors

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

#### b. Requirements for Electing Directors

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

#### c. Acquisition of Treasury Stocks

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

#### d. Determination of Interim Dividends

The company's articles of incorporation stipulate that the company may, by a resolution of the Board of Directors in which shareholders' approval is not necessary, determine interim dividends, as prescribed by Article 454, Paragraph 5 of the Company Law. The Board of Directors has been authorized to determine interim dividends so that profits can flexibly be returned to shareholders when deemed appropriate.

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

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

#### f. Business Execution and Management Supervision

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(4) Risk Management System**

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

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

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

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

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

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

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

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

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

Name of CPA Who Carried Out Duties		Experience
Designated Liability Partner	Takaki Okano	6 years
Designated Liability Partner	Junichi Adachi	7 years
Designated Liability Partner	Akihisa Sada	3 years

The auditing team has 10 CPAs and 9 other members.

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

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

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

Division	Name	Relationship with our Company	Background to Appointment
Outside Director	Shiro Kondo	<i>Shiro Kondo is Representative Director and Chairman of Ricoh Company, Ltd., which is classified as an "other related company".</i>	<p><i>Shiro Kondo is Representative Director and Chairman of Ricoh Company, Ltd. and has been appointed to serve as an outside director so that Coca-Cola West can take advantage of his wealth of experience as a corporate manager of that firm.</i></p> <p><i>Ricoh Company, Ltd. is a major shareholder in Coca-Cola West (whose stake amounts to 15.7% in terms of voting rights), but we are engaged in a different business from that of the Ricoh Group. There are some transactions between our corporate groups, in the form of, for example, sales of soft drinks from our company and system maintenance services provided by the Ricoh Group, but because the value of those transactions is quite small, the independent business activities of Coca-Cola West would not be impeded in any way by the Ricoh Group.</i></p> <p><i>We have a close relationship with Ricoh in terms of both human and capital resources, but Mr. Kondo is the only one of our 11 directors who is concurrently serving as a director of Ricoh, giving him less than a majority position on our Board of Directors. He makes decisions related to the company's activities and management directions, and executes operations based on our company's decisions.</i></p> <p><i>Because of this, such company may not have a significant impact on our company and we have concluded that he is not a person who would wield undue influence over our management team.</i></p> <p><i>Given the fact that his concurrent service as a director of Ricoh therefore does not influence the independence of Coca-Cola West with respect to Ricoh, and that there is no concern regarding a conflict of interest with our general shareholders, we have appointed Mr. Kondo to the position of independent director.</i></p>
Outside Director	Vikas Tiku	<i>Vikas Tiku is CFO of Coca-Cola Asia Pacific Group of The Coca-Cola Company (TCCC), and Representative Director, Executive Vice President and CFO of Coca-Cola (Japan) Co., Ltd. (CCJC). Both companies entered into an agreement with respect to production and sales of Coca-Cola and other products and usage of Coca-Cola trademarks, etc. In addition, we purchase the original Coca-Cola syrup and other beverages from CCJC and also receive rebates for sales promotion. Both companies are major business partners of our company and thus are special interest companies for us.</i>	<p><i>Vikas Tiku is CFO of Coca-Cola Asia Pacific Group of The Coca-Cola Company (TCCC), and Representative Director, Executive Vice President and CFO of Coca-Cola (Japan) Co., Ltd. (CCJC) and has been appointed to serve as an outside director so that Coca-Cola West can further strengthen its strategic partnerships with both companies.</i></p> <p><i>Although TCCC and CCJC are major business partners with the special interests outlined on the left, including conclusion of an agreement, etc., none of the 11 directors of Coca-Cola West concurrently serve as directors of TCCC. Mr. Tiku is the only director who is concurrently serving as a director of CCJC, giving him less than a majority position on our Board of Directors. He makes decisions related to the company's activities and management directions, and executes operations under the responsibility of our company.</i></p> <p><i>Consequently, we have concluded that there is no concern that our company might be unduly influenced by both companies and Mr. Tiku is not a person who would wield undue influence over our management team.</i></p> <p><i>Given that his concurrent service as a director of CCJC therefore does not influence the independence of Coca-Cola West, there is no concern regarding a conflict of interest with our general shareholders.</i></p>
Audit & Supervisory Board Member (Outside)	Zenji Miura	<i>Zenji Miura is Representative Director, President, and Chief Executive Officer of Ricoh Company, Ltd., which is classified as an "other related company".</i>	<p><i>Zenji Miura has a long professional career in finance and accounting at Ricoh. He has been appointed as an outside member of the Audit &amp; Supervisory Board so that Coca-Cola West can put his wealth of experience to work in its auditing responsibilities.</i></p> <p><i>Ricoh Company, Ltd. is a major shareholder in Coca-Cola West (a 15.7% stake in terms of voting rights), but we are engaged in a different business from that of the Ricoh Group. There are some transactions between our corporate groups, in the form of, for example, sales of soft drinks from our company and system maintenance services provided by the Ricoh Group, but because the value of those transactions is quite small, the independent business activities of Coca-Cola West would not be impeded in any way by the Ricoh Group. We have a close relationship with Ricoh in terms of both human and capital resources, and one of the directors of Ricoh is serving as our director. However, he is the only one of our 11 directors who is concurrently serving as a director of Ricoh, giving him less than a majority position on our Board of Directors, and his appointment was made at our request. He makes decisions related to the company's activities and management directions, and executes operations based on our company's decisions.</i></p> <p><i>Consequently, we have concluded that there is no concern that our company might be unduly influenced by Ricoh and that Mr. Miura is not a person who would wield undue influence over our management team.</i></p> <p><i>Given that his concurrent service as a director of Ricoh therefore does not influence the independence of Coca-Cola West with respect to Ricoh, and that there is no concern regarding a conflict of interest with our general shareholders, we have appointed Mr. Miura to the position of independent director.</i></p>
Audit & Supervisory Board Member (Outside)	Seiji Isoyama	<i>Seiji Isoyama is Representative Director and Executive Vice President of Nishi-Nippon City Bank, Ltd. Our company has a business relationship with the bank, with which we have transactions such as fund deposits.</i>	<p><i>Seiji Isoyama has a long professional career at The Nishi-Nippon City Bank, a major financial institution. He has been appointed as an outside member of the Audit &amp; Supervisory Board so that Coca-Cola West can put his wealth of experience to work in its auditing responsibilities.</i></p> <p><i>Although our company has a business relationship outlined on the left with The Nishi-Nippon City Bank, none of our 11 directors concurrently serve as directors of The Nishi-Nippon City Bank. Mr. Isoyama makes decisions related to the company's activities and management directions, and executes operations under the responsibility of our company.</i></p> <p><i>Therefore, the bank may not therefore have a significant impact on our company, and we have concluded that he is not a person who would wield undue influence over our management team and that there is no concern regarding a conflict of interest with our general shareholders.</i></p>
Audit & Supervisory Board Member (Outside)	Tomoko Ogami	<i>Tomoko Ogami is a lawyer belonging to Kunitake Sogo Law Office. Our company has no relationship with Kunitake Sogo Law Office to be described.</i>	<p><i>Tomoko Ogami has many years of experience as an attorney and has been appointed to serve as an outside member of the Audit &amp; Supervisory Board so that she can apply that experience to the auditing of Coca-Cola West.</i></p> <p><i>Because Ms. Ogami does not have any particular vested interests in this company, we have concluded that she is not a person who would wield undue influence over our management team and that there is no concern regarding a conflict of interest with our general shareholders.</i></p>



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

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

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

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

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

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

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

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

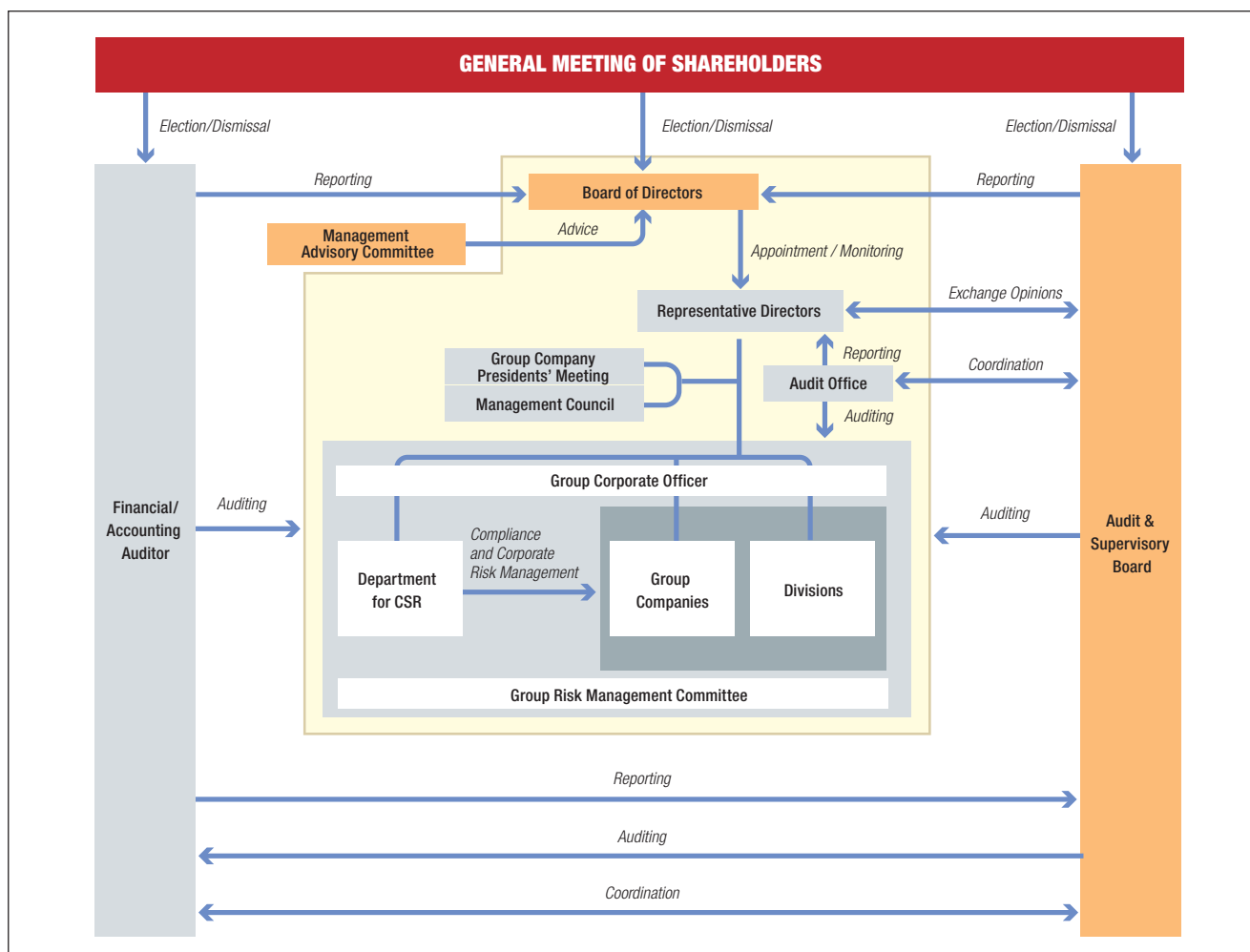
Two outside directors and three outside members of the Audit & Supervisory Board entered into agreements with our company with regard to limited liabilities due to negligence of duties, based on Article 427, Paragraph 1 of the Company Law. The limit of liabilities is the minimum amount determined by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

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

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

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

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



**(8) Directors' and Audit & Supervisory Board Members' Remuneration** (January 1 to December 31, 2014)

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

	Directors				Audit & Supervisory Board Members				Total			
	Number of Members	Total of Remuneration (Millions of yen)			Number of Members	Total of Remuneration (Millions of yen)			Number of Members	Total of Remuneration (Millions of yen)		
		Base Remuneration (Millions of yen)	Other (Millions of yen)			Base Remuneration (Millions of yen)	Other (Millions of yen)			Base Remuneration (Millions of yen)	Other (Millions of yen)	
Remuneration and others based on resolution of general shareholders' meeting	12	328	328	—	5	46	46	—	17	375	375	—
Internal	10	314	314	—	2	35	35	—	12	350	350	—
External	2	14	14	—	3	10	10	—	5	25	25	—

Note: The remuneration figures shown above include the remuneration paid to one director who retired as of December 31, 2014.

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

None

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

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

(Directors)

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

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

(Audit & Supervisory Board Members)

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

**(9) Securities Investments** (As of December 31, 2014)

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

Number of companies invested in: 145, amount of invested common stocks: ¥14,009 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	1,614	Maintain favorable relationship with the company invested in.	Yodoshi Holdings, Inc.	103,400	194	Maintain favorable relationship with the company invested in.
Ricoh Leasing Company, Ltd.	502,000	1,563	Maintain favorable relationship with the company invested in.	Fujio Food System Co., Ltd.	56,800	166	Maintain favorable relationship with the company invested in.
The Nishi-Nippon City Bank, Ltd.	3,024,811	1,058	Maintain favorable relationship with the company invested in.	Okuwa Co., Ltd.	172,560	159	Maintain favorable relationship with the company invested in.
San-Ai Oil Co., Ltd.	1,308,125	1,056	Maintain favorable relationship with the company invested in.	Toyo Seikan Group Holdings, Ltd.	97,460	147	Maintain favorable relationship with the company invested in.
Nishi-Nippon Railroad Co., Ltd.	2,000,000	986	Maintain favorable relationship with the company invested in.	Isetan Mitsukoshi Holdings Ltd.	87,015	131	Maintain favorable relationship with the company invested in.
Izumi Co., Ltd.	231,000	981	Maintain favorable relationship with the company invested in.	H2O Retailing Corporation	56,510	108	Maintain favorable relationship with the company invested in.
Kyushu Leasing Service Co., Ltd.	2,000,000	750	Maintain favorable relationship with the company invested in.	Central Japan Railway Company	5,100	92	Maintain favorable relationship with the company invested in.
Mitsubishi Heavy Industries, Ltd.	900,000	602	Maintain favorable relationship with the company invested in.	Kansai Super Market Ltd.	113,200	90	Maintain favorable relationship with the company invested in.
Mitsubishi UFJ Financial Group, Inc.	716,420	476	Maintain favorable relationship with the company invested in.	Sumitomo Mitsui Trust Holdings, Inc.	182,898	84	Maintain favorable relationship with the company invested in.
Fuji Co., Ltd.	195,366	427	Maintain favorable relationship with the company invested in.	AEON Co., Ltd.	66,319	80	Maintain favorable relationship with the company invested in.
Plenus Company Limited	118,261	254	Maintain favorable relationship with the company invested in.	The Coca-Cola Company	15,600	78	Maintain favorable relationship with the company invested in.
Zenrin Co., Ltd.	183,414	253	Maintain favorable relationship with the company invested in.	Poplar Co., Ltd.	121,442	67	Maintain favorable relationship with the company invested in.
West Japan Railway Company	42,000	239	Maintain favorable relationship with the company invested in.	Seven & I Holdings Co., Ltd.	12,706	55	Maintain favorable relationship with the company invested in.
AEON Kyushu Co., Ltd.	116,800	204	Maintain favorable relationship with the company invested in.	Maruyku Co. Ltd.	43,104	49	Maintain favorable relationship with the company invested in.
Nishikawa Rubber Co., Ltd.	99,445	202	Maintain favorable relationship with the company invested in.	Fukuoka Financial Group, Inc.	69,412	43	Maintain favorable relationship with the company invested in.

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

None

## Top Management

(As of April 1, 2015)

### Directors



Representative Director & Chairman  
Norio Sueyoshi



Representative Director & President  
Tamio Yoshimatsu



Representative Director & Executive Vice President  
Nobuo Shibata  
*Responsible for Administration and SCM Functions*



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



Director & Senior Corporate Officer  
Toshio Fukami  
*General Manager,  
CSR Division*



Director & Senior Corporate Officer  
Shigeki Okamoto  
*General Manager,  
Commercial Headquarters*



Director & Senior Corporate Officer  
Yoshiaki Fujiwara  
*General Manager,  
Kyushu Sales Division #1,  
Commercial Headquarters*



Director & Senior Corporate Officer  
Yasunori Koga  
*General Manager,  
Management Division  
Department Manager,  
External Affairs & Secretariat Office*



Director & Senior Corporate Officer  
Shunichiro Hombo  
*General Manager,  
Kyushu Sales Division #2,  
Commercial Headquarters*



Outside Director  
Shiro Kondo\*  
*Representative Director,  
Chairman & Executive Officer,  
Ricoh Company, Ltd.*



Outside Director  
Vikas Tiku  
*CFO, Coca-Cola Asia Pacific Group,  
The Coca-Cola Company  
Representative Director,  
Executive Vice President & CFO,  
Coca-Cola (Japan) Co., Ltd.*

### Audit & Supervisory Board Members

Audit & Supervisory Board Member	Hiroyoshi Miyaki	Standing
Audit & Supervisory Board Member	Tadanori Taguchi	Standing
Audit & Supervisory Board Member (outside)	Zenji Miura*	<i>Representative Director, President &amp; Chief Executive Officer, Ricoh Company, Ltd.</i>
Audit & Supervisory Board Member	Seiji Isoyama	<i>Representative Director and Deputy President, The Nishi-Nippon City Bank, Ltd.</i>
Audit & Supervisory Board Member (outside)	Tomoko Ogami	<i>Attorney, Kunitake Synthesis Law Office</i>

### Management Advisory Committee Members

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

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

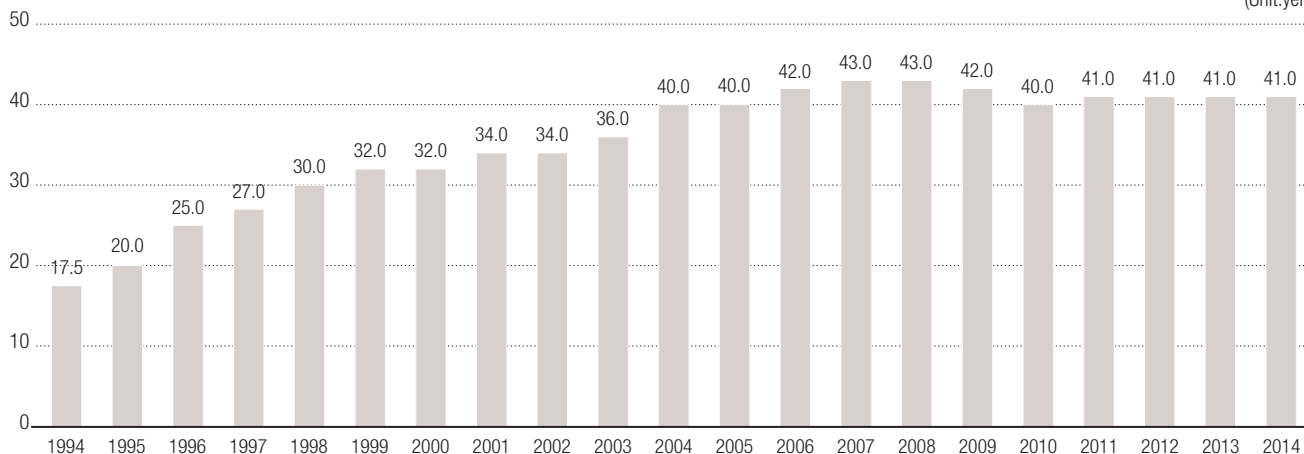
## Dividend Policy and Shareholder Reward Points System

### Dividend

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

Trends of dividend per share

(Unit:yen)



### Shareholder Reward Points System

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

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

Awarding Criteria

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

Options for Reward Points (examples)



Coca-Cola product selection



Scarf Towels with Coca-Cola West logo



Leisure Sheets with Coca-Cola West logo



Donation to Ichimura Shizenjuku-Kyushu

(The details of products for reward points vary depending on the time of award)

## Stock Information

(As of December 31, 2014)

**Stock Code** : 2579

**Authorized Shares** : 270,000 thousands

**Outstanding Shares** : 111,125 thousands

**Number of Shareholders** : 63,831

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

**Stock Exchange Listings:**

Tokyo Stock Exchange (First Section)

Fukuoka Stock Exchange

## Major Shareholders

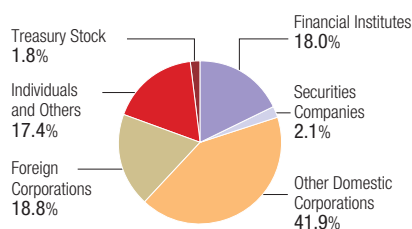
Shareholder	Number of Share Owned (Thousands)	Shareholding Ratio (%)
Ricoh Company, Ltd. ....	17,075	15.6
The New Technology Development Foundation .....	5,294	4.9
Satsuma Shuzo Co., Ltd. ....	4,699	4.3
MCA Holdings Co., Ltd. ....	4,407	4.0
Japan Trustee Services Bank, Ltd. (Trust Account) .....	4,211	3.9
Coca-Cola Holdings West Japan, Inc. ....	4,074	3.7
Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd. ....	3,912	3.6
The Nishi-Nippon City Bank, Ltd. ....	2,203	2.0
Toyo Seikan Group Holdings, Ltd. ....	1,753	1.6
The Master Trust Bank of Japan, Ltd. (Trust Account) .....	1,550	1.4

Note : 1,984 thousand shares of treasury stock are not shown in the table above and are excluded from the calculation of shareholding ratios.

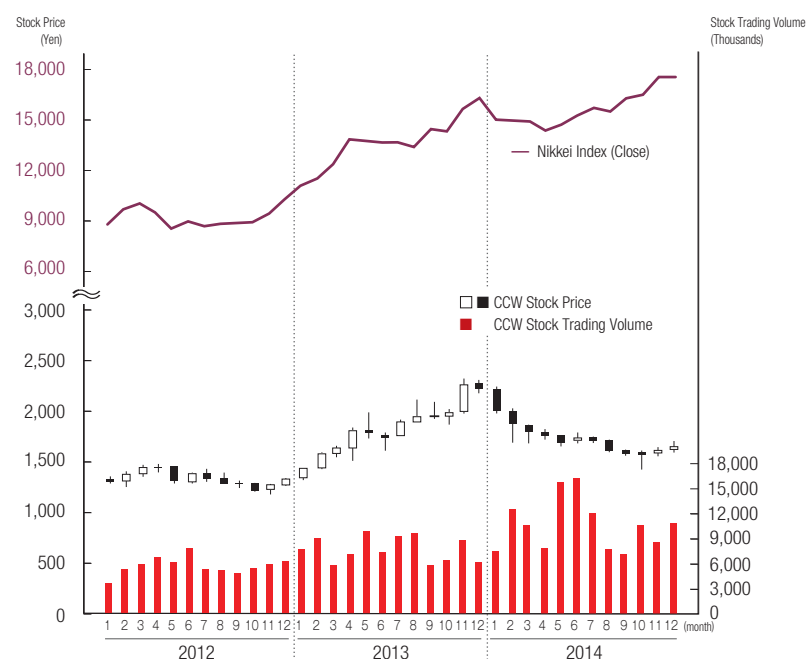
## Number of Shares Held and Percentage of Shares Held by Shareholder Category

	Number of Shareholders (Number)	Number of Shares Owned (Thousands)
Financial Institutes .....	72	20,027
Securities Companies .....	29	2,379
Other Domestic Corporations .....	505	46,499
Foreign Corporations .....	308	20,912
Individuals and Others .....	62,916	19,322
Treasury Stock .....	1	1,984
<b>Total</b> .....	<b>63,831</b>	<b>111,125</b>

### Composition of Shareholders



## Stock Price and Trends in Stock Trading Volume



	2010	2011	2012	2013	2014
<b>Stock Price at year end (Yen)</b>	1,471	1,335	1,333	2,227	1,661

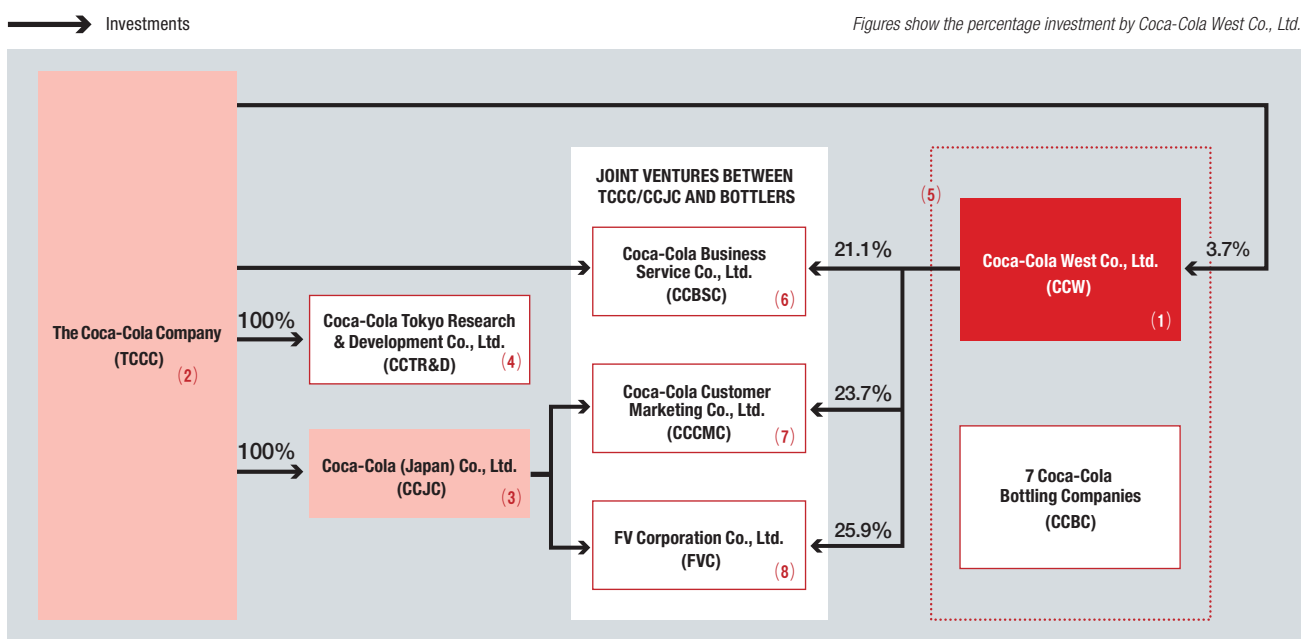
## Credit Rating Information

	2010	2011	2012	2013	2014
Japan Credit Rating Agency, Ltd. (JCR) Long-term senior debt	AA-	AA-	AA-	AA-	AA-
Rating and Investment Information, Inc. (R&I) Long-term senior debt	A+	A+	A+	A+	A+

# Coca-Cola System in Japan

(As of January 1, 2015)

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.



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

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

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

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

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

Established in 1957 in Tokyo as a wholly owned subsidiary of The Coca-Cola Company under the name of Nippon Inryo Kogyo K.K. The company name was changed to Coca-Cola (Japan) Co., Ltd. in 1958. It is responsible for marketing, planning, and manufacturing syrup concentrate in Japan.

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

Established in January 1993 as a wholly owned subsidiary of The Coca-Cola Company. It has been carrying out product development and technical support since January 1995 in response to the needs of Japan.

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

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

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

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

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

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

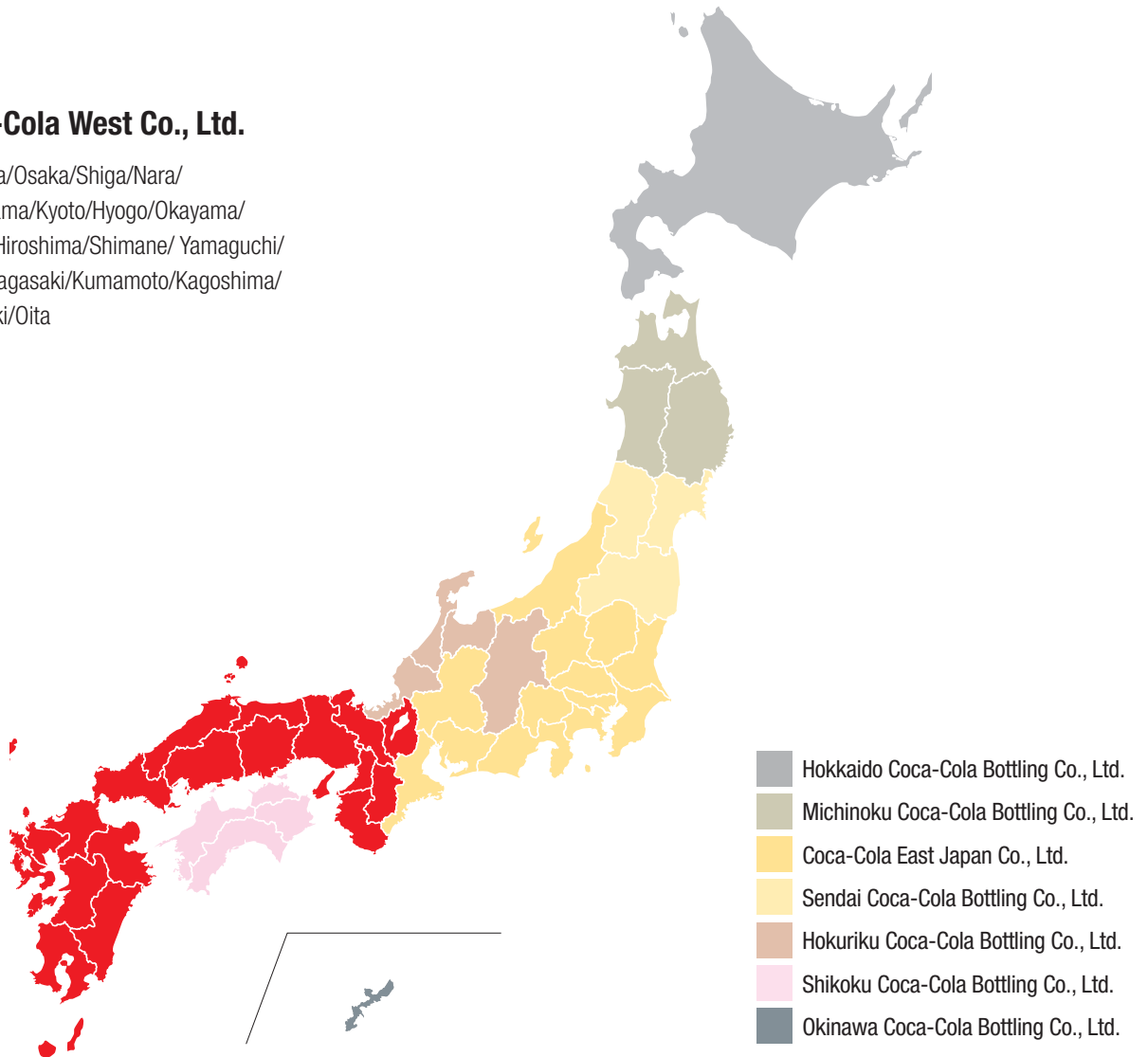
## (8) FV Corporation Co., Ltd. (FVC)

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

## Sales Territories of Bottlers (8 companies)

### ■ Coca-Cola West Co., Ltd.

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



## COMPANY PROFILE (As of December 31, 2014)

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

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

**Establishment :** December 20, 1960

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

**Number of employees (consolidated) :** 8,324

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

-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*

7-9-66 Hakozaki, Higashi-ku, Fukuoka 812-8650, Japan  
Planning Department (Investor Relations) Tel: +81-92-641-8774  
<http://www.cctest.co.jp/english/>

