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PRESENTATION

Kaumil Gajrawala - *UBS - Analyst*

All right, guys, we're going to get started with our final presenter for the conference, which is, of course, Coca-Cola. When you think about from a staples perspective and you think about China, it's kind of like mobile technology or cloud technology for the tech industry, whereas if you want a multiple you have to be there. But as all these companies go after that same billion consumers, it's up to us to understand the sustainability, the profitability and the returns for a market that has a lot of promise.

There's probably no better person to answer some of those questions on that than Glenn Jordan, who runs the Pacific division, but in addition to China he also covers what is almost a polar opposite market, which is Japan, which is a very developed market where Coke has done well for a very long time. Japan represents about 17% of their business. It has been just about, just over a year, year and a little bit of time since obviously the horrible events of the tsunami, and I think Glenn is going to talk about that a little bit.

But on the positive side, after going through that sort of dislocation, they actually ended the year up, so congratulations on that. And they were also awarded what is the most prestigious award in the Coke system, which is the Woodruff Cup, which is based on some very strict financial metrics and then a layer on top of that of being voted by your peers, so congratulations. I know that is a really great accomplishment for you.

So, without further ado, Glenn?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Well, good afternoon, all. A pleasure to be here in this wonderful city of Boston. Kaumil, thanks for the invitation to The Coca-Cola Company and to our group to talk a little bit about the Pacific. Also, thanks for those wonderful beverages outside that I hope you all have been enjoying and refreshing yourselves. Incredible portfolio, isn't it?

All I will say about me is I've been a soldier of The Coca-Cola Company now for 34 years. I'm a Latin person, from Colombia. I've been in the Pacific Group the last six. Before that picture me as the COO of Latin America and a few other jobs through my life. And I'm here to talk to you about the Pacific Group.

And thanks for staying after lunch. I see a few colleagues had something better to do. So I hope that when we get to questions maybe you get your return on investment. Please do ask, and I'll try to do my best to be informative and helpful.

I do have to go through these forward-looking statements. Probably you understand them better than me. So, all the appropriate warnings. If anybody has a real smart question or expert question I have our investor officer here. Jackson will be happy to answer later.

So, having said that, I'm going to briefly talk about the Pacific and hopefully motivate you for some good dialog. I'm going to cover a little bit this world of opportunity of this incredible place, dynamic place, lots going on there. I will focus then briefly on our two biggest operations, China and Japan, not because they are the only ones, not because there's not a lot of interesting things going on in other countries, but because they're just the biggest, and we'll talk a little bit about that. And then I'll do a quick wrap-up and closing, reminding you of our 2020 vision for The Coca-Cola Company and the road forward for the Pacific Group.

So, I said I will start with a little bit of a touch on opportunity. I think it's fair to say that to most businesspeople nowadays the word "Pacific" equals synonymous to incredible opportunity. It's such a dynamic place. I'm so fortunate to be there. So, this is not new for The Coca-Cola Company. So, it's the same for us. What I hope to convey today, what I hope to communicate, what's a little bit different, is that we're acting upon this across our group, across the Pacific, and that we're making some significant progress as we devote ourselves to this.

A few numbers, just big picture -- what is the Pacific Group? What are we talking about? Let me start by saying that it is 18% of the sales of The Coca-Cola Company, and we grew last year, last quarter to around 5%, all public numbers. But to give you a little bit of dimension of what that means, we sold last year 4.8 billion cases. That might not say a lot. So, let me move that number in terms of the consumers based on a month. That means that every month in the Pacific Group, 10 billion times consumers delight us, reward us with choosing and drinking one of our beverages, and this is the beginning of our road, 10 billion times per month.

Our group is large. It's very diverse. [Here's] a few highlights. We have in the north of the Pacific Japan, strong margins, very developed business, 20% of our sales. Then we have what we call the Greater China and Korea business unit. It's around 51% of our sales. It is not only an important part of the future of our business, but it's already an important part of the present of our business.

Then we have 22% of our business in what we call ASEAN, basically all those countries that have made an agreement that counts in full force for free commerce as tariffs go down in the next two or three years. Incredible opportunity. Think that ASEAN has 600 million people, same that Latin America. And our per capita there is like a [fifth]. Think about it, an area that is growing very, very, very fast economically.

And then in the south, Australia, New Zealand, a few of the islands, not that important in volume, 7%, but also very developed business, strong margins, important contributor today to our business.

So, that's our Pacific Group.

And when we think opportunity, and why do we say it's a rich opportunity, let me cover this briefly on two angles, first from the consumer and the socioeconomic dynamics and then a little bit from our industry.

The Pacific Group is more or less 33% of the world's population, 2.1 billion people, growing faster than any other one in terms of people and potential consumers. There is going to be approximately 300 million consumers more in 2020. But the Pacific Group, when I think about it, you probably all have read a little bit about the yin and the yang, it's really that for ourselves. There are so many contrasts. It's a complex portfolio of businesses for us.

If consumers, there are going to be 300 million more consumers, 160 million of those will come in China, while Japan will shrink, different estimates, 1 million or 5 million people, Japanese, less in 2020. It's a young population, 34% under 25, again, big contrast. Philippines average is 25 and getting younger, while Japan is 40 and getting older. Around half of the population lives in urban areas. There's huge cities all over the Pacific, for example, one that most people never heard about, Chongqing. The inner city is like 25 million people, and within five kilometers 100 million people. And those cities are growing fast. And it's a place that is generating a lot, a lot of extra consumer ability to spend personal consumption, disposable income.

But we are so lucky, and that's why I feel so privileged working on the Pacific. Not only this area is dynamic economically, and it's huge and interesting and diverse, which forces us for continuous learning and looking for efficiencies, but it's also a place where our industry, it's so dynamic and poised for growth. We expect around -- our calculation is that there's going to be like 25 billion cases more for the taking from here to 2020. That means around $160 billion that we're competing for in terms of revenues across the Pacific.

And part of that is because of very significant tailwinds that are supporting our industry, that are helping our industry. We already talked a little bit about this, but some of that is high urbanization, which is of course conducive to a very efficient business scale, more locations of consumption, more portfolio. The middle class is growing dramatically, never seen at this pace in the history of our world. There's going to be 500 million more people in the middle class with disposable income that today they do not exist in the next eight and a half years. And I already mentioned they're going to have money. They're going to be educated. There are going to be a lot. And they're going to have money. So, no surprise, there's going to be a lot of money for us to compete for on revenues and create a great future for ourselves in this part of the world.

I tried to capture here in very simple terms our big-picture strategy. We've been very consistent over the last three or four years, and these are kind of our four pillars how we're doing business in general. You probably know that we're a franchise business. We do a lot of local activities. But this is kind of what rolls across each and every one of our territories and is where 60%, 70% of our efforts and results are.

The first pillar basically says our core brands and sparkling core brands are fundamental to growth. Without that we won't be successful. [Red by brand] Coca-Cola. And what we do is very simple. We extend the footprint of our brands, Coke, Fanta and Sprite, to cover different ages, to come in different consumption locations and to market the category in general.

The second leg, very important, is to continue to evolve on our sales portfolio. In this journey we have three or four categories where we're making big bets. We have centers of excellence. We have very significant R&D development in China, where we invested in Shanghai around $80 million to build a couple of years ago, or three years ago. And we have big bets and good brands in juice, in value-added dairy, in tea and in hydration.

The third leg of our strategy, very consistent and part of the competitive advantages of The Coca-Cola Company across the world is our commercial execution. We have a massive business of billions and billions of bottles that go in and out, and our ability to have processes, to be able to have the right product at the right price in the right place is fundamental to create healthy margins and to the success of our business.

So, probably some of you have heard of our [proprietary] way of [going about] immediate consumption, where the big margins are; our route to market, we don't work through distributors, we control our routes, we invest in that growth; and that makes our execution sustainable. And we have something that we call RED Execution Daily. It's a very complete tracking process that allows us to make decisions on different segments of customers, change our packaging, our price point, things like that.

And, finally, our win-win process or framework to work with all customers, not only the organized trade, but there's millions of small customers across the Pacific, China, Philippines.

We've been rewarded with our efforts, with our consistency. Over the last three years our sparkling had growth of 4%, from '09 to '11 across the group. This is an average. But, more important perhaps, we have increased equity in our brands, whether it is weekly consumption, favorite brand, something that we call brand love, and this is very important for our business. It's really a good indicator of the long-term success that you can have or not.

Same can be said for STILLS, 10% compound annual growth in the last three years. Some successes we're very proud, like Minute Maid brand, something that we call Minute Maid Pulpy -- I don't know if you ever have the chance to have this incredible drink. It was created in China, developed in China. It's a $1 billion brand now across 19 countries, growing very healthy. We have brands like I LOHAS, developed -- a water developed in Japan. It's now, after two years, the number one in convenience stores and growing very rapidly.

And we also have (inaudible) and creating competitive advantage, not only with our distribution, with what we call feet on the street -- we have people that goes, make the sales, do the merchandising, follow up on the portfolio and works on a day to day with these millions of customers.

I said I will briefly cover our two biggest markets. Let me start with China. No surprise. Our strategy is very consistent. So let me give you just a little bit of content of some of the things we've done.

Last year we grew 13%, which was very rewarding from our efforts and our focus. We redoubled our efforts in the portfolio, especially on sparkling. We've been tracking well with brand Coca-Cola and Sprite, but not that well with Fanta, so last year we did an extra effort to seed Fanta, to extend it and to put it across China. It grew 27% last year, so now we feel very comfortable that we have a three-legged stool in the sparkling category.

We also felt that we needed to start [setting] for the midterm a better price point, so we launched a small pack is 300 mm, even smaller than the small bottle that you saw there, and in the first year only in one bottler where we were trying it we had 150 million new transactions in China during eight months. We're now extending that as we speak nationally, and I expect at least to double if not triple that during this year, just as an example.

And we've been very disciplined about building a sustainable distribution and commercial system in China, which is a huge undertaking, and it will take many years. You will hear us talking about this for a long time. This is a continent. So, we're executing at the point of sale, [putting] all our systems. We progress on the number of people that we have selling. And I'm going to have the incredible opportunity when I'll be there next, which is next week, with our Chairman, to open the 42nd bottling plant across China.

But perhaps what this slide doesn't say and you have in your minds is that we're all doing all of this now in a situation we are kind of I call it being self-sufficient as a business. Our system has enough, is generating enough cash flow to fund investments over the next -- the projection is that we have over the next eight to 10 years. It's profitable, and it's growing in all dimensions.

Let me talk a little bit about Japan, and thanks for the setting, Kaumil, and introduction. It was an incredible, remarkable year for our business in Japan. Over the first quarter, after three years of applying a new strategy, an evolved strategy, we were having the best quarter ever in the last five years, and suddenly this tremendous (inaudible) disaster struck the country and of course our business. I'm not going to bore you with details, but we had all kind of challenges, from production, inventory. The (inaudible) channel, which is very important for us and very profitable, had challenges from the energy restrictions, all kind of difficult things that we needed to face.

Our business, of course, immediately replanned, and fast forward to last December, in an incredible effort, our system showing resilience, we grew the business at the end of the year, not a lot, but we grew versus the previous year. Starting with very difficult months after disaster with brand Coca-Cola because of supply, large packages and all of that, we ended the last quarter growing 3%, and we have two [star] brands that are helping us, as I mentioned. AYATAKA is our new tea, last two years, and I LOHAS.

And, as Kaumil mentioned, we have this, in our own little world, this incredible recognition called the Woodruff Cup happens once a year. It has hard metrics over the business over the last two years on our 6 P's we'll talk a little bit about later, and is voted by the business unit presidents of our 25 or so business units after each business that qualifies on the metrics pleads its case -- this is what I've been doing; this is what I've been achieving. And it was really, really -- we're very proud of our Japan team, bottlers, their resilience. They won this award last year.

This happened in a ceremony that I'll talk a little bit about it two weeks ago, and instead of trying to explain, I brought a very short video, six minutes. It's a reduced part of a one-hour presentation where they plead their case with their colleagues on what they've been doing. So, just to give you a flavor of what was achieved by that system, so if you help me with the video -- there might be some people on wire here that are on the web that (inaudible).

(video begins --

Unidentified Speaker

(Inaudible) a natural disaster turned into a radiation nuclear meltdown, the fear of radiation and then an energy crisis. That in turn developed into a targeted attack on our vending business, the financial heart of the Coca-Cola business in Japan. If this was a training exercise, people would think it was unrealistic to have so many crises in succession.

Unidentified Speaker

It was the biggest earthquake in history.

Unidentified Speaker

We were facing an economic crisis.

Unidentified Speaker

A natural disaster.

Unidentified Speaker

When I saw the waves, I was just stunned.

Unidentified Speaker

And then the nuclear reactor blew out.

Unidentified Speaker

Everyone was scared of the radiation.

Unidentified Speaker

Our supply chain was (inaudible).

Unidentified Speaker

Six million cases of inventory was crushed.

Unidentified Speaker

My [cap] supplier was destroyed.

Unidentified Speaker

We had to start building plans on how to relocate 500 employees and their families out of harm's way.

Unidentified Speaker

From (inaudible) to (inaudible) I couldn't produce half our tea volume in summertime.

Unidentified Speaker

(foreign language spoken)

Unidentified Speaker

Faced with this, we had choices to make, choices that would need to get us through the immediate-term crisis but also make sure that we continue to make progress against our 2020 vision and our corporate strategy in Japan.

Unidentified Speaker

How do we grow our business with such a complex portfolio as Japan, and massive damage to the [PE] tea lines? How do we grow when we were effectively forced to reduce our portfolio? For over a month we reduced our [PE] tea range from 250 SKUs to just 19. Through this we were able to guarantee supply of the most important SKUs while the plants and lines were repaired. This forced reduction helped teach us the value of specific SKUs, and we now move forward with a renewed belief in focusing the portfolio on bigger bets for greater returns and efficiencies.

Unidentified Speaker

Eight of our top 10 key accounts grew volume in 2011. This is testament to our ability to make deliveries despite a devastated supply chain and packaging shortages. These efforts were recognized by our top key accounts.

Unidentified Speaker

You know, the global partnership between McDonald's and Coca-Cola is extremely strong and always will be, but nothing compared to this year, 2011, in Japan after the earthquake. Coca-Cola came with not only water to help us with our people and the people of Tohoku, but also the testing equipment that protected our brand and Coca-Cola's brand so we made sure and served safe product after the earthquake.

Unidentified Speaker

I joined Coca-Cola 16 years ago. In these past two years I've never seen more positive change in our company.

Unidentified Speaker

New leaders, new styles, more diversity. We have continued to increase the number of women in leadership positions. We've had 70 percent increase women in job grades 13 and above since 2007. The Japan [BU] now has four times the national average ratio of women in senior leadership roles.

Unidentified Speaker

Around the world Coca-Cola has a history of stepping in to help communities in times of crisis. The Japan crisis was no different. By the end of April, [rolling and] (inaudible) [blackouts] were in place in Tokyo, with the government preparing legislation that would require all businesses to reduce power usage by 15% to 25%. Consumer sentiment began to turn against the vending industry. Our team worked nonstop to manually recalibrate our massive vending systems and to reduce electricity consumption by 33%. It worked. We gained the support of our customers, consumers and even the Tokyo governor's approval.

Unidentified Speaker

(foreign language spoken)

Unidentified Speaker

We held our volume and gained market share in a most critical channel. As we look to the future, we are stronger. Building our (inaudible) and reducing power usage has been placed at the front of our vending strategy for 2012 and beyond. Our Nikkei consumer (inaudible) ranking rose from No. 20 to No. 3. This is our highest ever position, and the highest position for any international company in Japan. The government also commended Coca-Cola with a special award.

Unidentified Speaker

And when we look back at 2011 we're convinced that we've made strong progress against each of our [P's], whether it's people or planet or possibility, every one we're a better situation than we were one year before. We go into 2012, despite the crisis, in a better situation than we were going in to 2011. And that's what makes us so pleased when we look back on 2011. The year will not be remembered simply for the crisis and the tragedy or even the way we reacted to the crisis, but the progress we made against our long-term goals.

-- video ends.)

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

(Inaudible) crisis, and we're really very, very proud of our team in Japan and the work we did last year.

We have once a year a very important meeting in our Coca-Cola Company. We bring all the key leaders around the world, around [150] people, and we share learnings, we [evaluate] big strategies, discuss new data, kind of set the stage for our next cycle of long-term planning and budgets. And it is within that big event for our company that we do the contest and the celebration of the Woodruff Cup, and I just wanted to share the picture. That's our Chairman, Muhtar Kent, with our business unit President, Dan Sayre, receiving the Woodruff Cup. And I'll have the opportunity to go in 10 days and celebrate with all our bottlers and our employees in Japan. It's a very big thing in our little world.

I said that I'll finish with a little bit of a touch on the road. Probably you're all seeing in one occasion or another, or I hope, kind of the big picture of our 2020 vision. It's 6 P's. Behind each of them there's very specific tactics and metrics which we live for. But the main message is that, and I can represent my other groups on this, is that we live and die by this. The way that we plan as we look at our 2020, when we go [and do] our strategies, we make sure that our group, when it comes together, has enough in the kitchen to deliver on this direction. And based on that we plan, we resource ourselves, we invest and we grow.

So, we're very committed to this. We've been delivering our fair share of this mission of The Coca-Cola Company, and we intend in the Pacific Group to keep doing that.

This is the last slide and then we'll go hopefully to some good questions and maybe hopefully some good answers. But I talk about the incredible opportunity of working in this dynamic place of the world. I talk about the incredible growth and tailwinds that we have in our favor, the very healthy beverage industry. I talk about our group being rewarded with our efforts growing the last three years at appropriate rates.

But what's amazing is that all of this amounts to we're just beginning. The Pacific Group has a per cap of only 52, almost half of our company, a third or a fourth of the Latin American Group, and an incredible opportunity, which we intend to capture.

So, thank you for your attention. I'll go and sit with the panel and take any questions that you have and have a dialog. Thank you.

QUESTIONS AND ANSWERS

Kaumil Gajrawala - *UBS - Analyst*

Thank you, Glenn, and thank you for sharing that video. I think you gave a lot more context for something that we think we have to some degree some insights on, but that was a -- that was really fantastic. If you have questions, write them on cards. [Mineo] is back there, who will pick them up and pass them to me. I am selfishly going to ask the first one while he does that.

For all of the opportunity of growth that you presented, one thing we learned a little bit earlier today is some companies, Diageo being the example, spending 70% of their revenues on sales and marketing, so can you try to talk -- can you give some context on profitability in China and how you see that evolving?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Sure, sure. Let me try to focus on that. Of course, China, as I said, is 20% of our portfolio, and I also shared with you that we are profitable, we have reached critical mass, and we are self-sufficient in our cash flow to feed that investment. As you know, we don't share exact numbers on countries, so I'll be more generic and conceptual.

Many companies struggle in China with profitability. There's no doubt about that. And there's a lot of aggressive competition, including in consumer goods from local companies. We are fortunate that as a company, having reached critical mass, we also have a diverse portfolio of geographies, channels and products. And this allows us to be very focused on understanding how much we invest and what return are we having.

Why is this important? Because, as I've said many times when I have opportunity to have conversations like this, our business is a brand business, and a brand business, what it basically means is you need to invest in the brand. There's no brand business that is successful with no investment. So, one of the big reasons, one of the big decisions that senior people do in our business is how much do you invest? How much do you take to the profit, how much do you invest?

Business like ours is very easy to deliver short-term results. We can [milk] profit and sell a lot of water. What's really difficult is to sustain a portfolio, that's a challenge, and invest for the long-term brands. That's why I made this reference of how important it is that we're doing all of this and still growing the equities of our brands.

Our history, Kaumil, and we have like, I don't know, at least 180 countries of plotting data over the last 125 years, is that obviously there's a lot of correlation between volumes, margins, profitability, with GDP and number of competitors. And there's a curve that is not a line. You can picture it like something like this, like kind of almost like an S. It's very, very low. It takes time, then goes very, very, very, very, very fast and then kind of marginally grows for a very long time. And our businesses, depending on their state of development, are in different places of that curve. Indonesia is here on the left, with Vietnam. Japan is here on the right. And all these other countries are somewhere in that curve.

I will say that China is at the beginning. It's just at the beginning. And we're very proud of our performance, because we're at the beginning and we're making money. But there's no doubt in our belief, in our minds, that as we grow our volume exponentially through the years -- the last four years we doubled our volume from 1 billion cases to 2 billion cases in China alone -- and that as we do that obviously it comes with healthy margins, ability to market to different locations, ability to do different price packs, and all of that means healthy, healthy margins.

Now, our model for 2020, the way that I think, that I work [for] the complex portfolio that we manage, is not predicated in any miracles in China. It's predicated in a business that is going to grow most of the years long-term double digit. We might have a few difficult quarters, a few difficult years, as will probably China will. But when you look at the next eight or 10 years, we'll grow consistently long term, and it will be competitive. We are not counting on any one of these miracles. But we know that it will come in that curve. So I hope this kind of illustrates.

Kaumil Gajrawala - *UBS - Analyst*

Got it. I received an interesting one, because I think it takes advantage of your history, which is can beer and soft drinks work in China like it does in parts of Latin America? And if I can add to that a little bit, maybe if you can contrast those two markets, because you've obviously been in both.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Sure. Very, very deep question. So, what can I say that won't bore you, because I could talk forever about these things? Let me tackle both. Let me start with Latin America and Asia. There's a lot of similarities, but it's a lot of difference, and it's really about markets. If you take all the markets of Asia, 39 countries, you plot them from very similar to Latin America to very dissimilar, you have to start with Japan here, nothing more different, and then maybe Australia, and then you have the Singapores and the Hong Kongs, and then you go on and on, Malaysias and Thailands, and here on the left it's Philippines. It's very similar. It's almost I feel like at home, and a lot of people speak Spanish, and all of that.

So, there's a significant number of countries, consumers and opportunities where our learnings in Latin America, which is a very strong part of our business -- we've been working on it for 60 years -- it's one of the best processes and go-to-market that we have across the world -- are all, all applicable. And there's a reason why I'm in the Pacific Group, in part because I grew in that business, that's where I learned our business, and part of my job is to bring some of this process, of this method, of this knowledge, but the countries, I already said, like Japan and others that are dissimilar.

Now, talking about beers, and this is my point of view, there's been a lot of questions, not lately, but three, four years ago, about beers and soft drinks. I've done a lot of work on this myself for many, many years. In 1991, when I was managing Brazil for the Company, we had the [Kaiser] beer. I was one of the directors, and that was kind of my first need to try to understand the synergies or not synergies.

Long story short, although on the surface appears to be very attractive to believe there's a lot of synergies, the reality is that there's very little. When you map, first of all, the [trade] where beers are sold, you saw it's very different than where soft drinks are sold. Then [locations], they're very different. The distribution system, very different. The production value chain, only a few commonalities -- not on [PE] tea, not on most of the ingredients, only a few commonalities. You [can] do beers and soft drinks together.

So, the only place where beer and soft drinks go well is where one of them is strong, the other one is weak, and you have a challenge to reach critical mass for the weak leg, and that tends to be rural areas, far-away areas or [places] that are just beginning, and you just can't have enough mass with one of them to get to the stores or to get to the retailers. Not the case in Asia. Maybe we have a couple of countries beginning where there might be opportunities in where they're very rural, but not the case in China, not the case in Japan, not the case in most of our markets.

Kaumil Gajrawala - *UBS - Analyst*

Got it. This one, maybe, Jackson, you may want to chime in, but the question is, how will Pepsi's $500 million in ad spend impact your business this year?

Jackson Kelly - *The Coca-Cola Company - VP & Director, IR*

I think it remains to be seen. I think everybody's waiting to see what the implication will be. I think there are a lot of different opinions and perspectives out there about where that investment's really going to go, how it breaks out between snacks and beverages, and I think at the end of the year we'll look back and see what happened. But I think I can attest to our leadership team, strategy is not going to change in North America or around the world. We're focused on our 2020 vision and will keep doing what we need to do.

Kaumil Gajrawala - *UBS - Analyst*

Got it. If I could maybe play off of that a little bit, the Tingyi deal is a structural change in China, if you can talk about what that means in that market.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Yes, thank you. It's an interesting one. It's really one we're paying a lot of attention, and, of course, as you would expect any one of you to do, we're doing a lot of due diligence, understanding and thinking the implications. But let me say a couple of things. The reality is that somehow we were a little bit more focused before on our main international competitor. And, as we think about what happened, in a way, and this is me talking, it's a little bit hard for us to understand. It's a little bit confusing, in a way.

So it really remains to be seen what will in reality the integration of that business brings in a huge continent, two different systems, two different cultures, huge portfolio that will require a lot of simplification, and it's going to take at a minimum time. So we are also observing, and we will observe for the next few years what really happens with what in paper sounds in reality very good.

Another point is that this is really a Tingyi story, and, of course, that's my point of view, because one question that we will also follow up and remains to be seen is what will be really the success or not of our main international competitor in the hands of a bottler that has two other masters? They have a host of Japanese brands they're planning to sell and promote and a host of Chinese brands. So they have three masters in home, and they need to work together. So, we'll see. We'll observe, and remains to be seen.

But the reality is that in my mind it is a Tingyi story. It's a good portfolio for them, for (inaudible) [Food]. They will be a stronger competitor than they were before, and we're going to obviously pay way more attention to that. We're thinking on every aspect of our business. Our initial conclusion is that nothing changes strategically. If anything the sparkling beverage will be more competitive, which is always good, because we're not in a share battle, we're in a battle of developing per capita. We're so low, the more that it happens, more share to gain in the future. What we want is to grow. But there's areas of the business with certain customers, with certain areas where they're very strong geographically that we're going to have to adapt our tactics, and we're paying attention to that.

Kaumil Gajrawala - *UBS - Analyst*

Okay, great. I've got a question on the retail landscape in China, and specifically what are the structural challenges to dealing in an environment with a fragmented retail landscape, and is it possible to meaningfully outpace the development of formal retail channels in terms of penetration?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

There's a lot going on, but from my view big picture is, remember, China is a huge place. It's a continent. I usually tell the story that not long ago when we were at the Olympics we had a hall where we exhibited the 50-something bottles that won a contest that we did for the best Coca-Cola bottle that represented the culture of the province. And, although I'm supposed to know those numbers, when I went to the hall and saw these huge bottles, 50-something of them, I was like, "Oh, my God," this province, 100 million people, 80 million people, 40 million people, 60 million people, 90 million people. This place is big. I mean, I start counting Brazil, Colombia, Peru, and it ended like (inaudible) I still had a lot of bottles to count, the point being that it's a big dynamic, it's happening a lot, and there's a lot of things that are happening. There's a lot of international retailers coming, and they're going to grow a lot. Nevertheless, their percentage has changed very little, because everybody's growing.

Second, the country is so big that there's a lot of huge local organized trade. They're big. Most of them are probably -- most people here will have never heard of them, and they're bigger than the retailers in my own country, Colombia. So every province needs some local attention, and you need an organization that understands every one of these provinces. And then there's 5 million little stores selling things in China that you need to know how to serve.

So, we have our hands full, and we think all these dynamics are positive. The growth of organized trade is good. It's efficient. It allows us to manage our portfolio. We have a lot of expertise. And its explosive growth is good, too, because we think we know how to create competitive advantage with our own distribution system.

Kaumil Gajrawala - *UBS - Analyst*

Got it. We've got a question on Japan, which is what we saw from the video is the rationalizing of PT SKUs and such, anything that you learned that you applied across other regions for Coca-Cola in your territories?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Yes, we try to [be humbly] a kind of a learning machine. Our business is, in relative terms, very, very simple. It has a lot of hard work, but it's very simple. And most of us realize very early in our careers that what we have going for us is what we learn from the Company. So it's exponential learning for us, so very important to learn from that.

One of the things we learned is that it's very hard to really understand the cannibalization that happens inside our business when there's innovation. And it's very easy to get confused and very hard to prove, because you launch things, you see the return, "Oh, a good return, I made this investment and I had this return," but much you lost of everything else? And countries where innovation is at the heart of the market, countries where reinvention is always happening, makes it even more difficult to understand.

And, as you saw in the video, one of the biggest learnings was we do not pay enough attention to our bestsellers, and even though you think you're doing a lot of successful innovation, sometimes that's not the best [pay], because you can't really appreciate the totality of the impact. So we have a renewed energy, empirical now, proof that there's a few things that we really can do better in our business, and we're applying that in general across the Group. So let me stop there. I have a few more, but we can (inaudible).

Kaumil Gajrawala - *UBS - Analyst*

I've got a couple more here, too.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Yes, that's why.

Kaumil Gajrawala - *UBS - Analyst*

I've got a question on ownership. It starts off the percentage of ownership of your bottlers in China, I think you own one out of the three of them, correct? What are the pros and cons, particularly in a market like China, of full ownership versus franchise?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Yes, thank you. We have three big bottlers and a small one. We do own one of them through our bottler arm called BIG, Bottler Investments Group. But we also have a percentage of another one of our bottlers, which is called [Kofco], and we have like 40% of that, and we also have like 20% of the other bottler, Swire, so we have some good dialog with them, too.

The essence of this is that our company has said and will continue to say it's not our strategy to own bottlers. We basically step in because ultimately we're responsible to the success of the business. If the business doesn't grow we don't grow. So when things are not working or the investment is not at the speed that we want or we have different strategic objectives, we have no problem on stepping in.

And that was what happened in China. We had a wonderful group called Kerry. This is history now. We had a lot of (inaudible) with them. But they own an incredible couple of business, including one big hotel, the Shangri-La chain, and they also saw the explosive growth coming in China and they decided that strategically they wanted to invest faster. So we started having different points of view at the speed they were investing in our business, so we amicably agreed that we were taking the business.

What happened after that and is happening is that we've found that we can bring a lot of learning and good practices in China through our BIG group, so it's playing a very important role. Long term, someday, the conditions will be to disinvest, but right now status quo is where we are. It plays a role. It'll help us to learn, to bring new practices, to experiment in a business that is happening very, very fast, so it plays a role for us.

Kaumil Gajrawala - *UBS - Analyst*

Got it. If we could stay maybe on the same theme and talk about the Philippines.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Sure.

Kaumil Gajrawala - *UBS - Analyst*

What does it look like today versus what it looked like when you --

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Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Yes.

Kaumil Gajrawala - *UBS - Analyst*

-- first purchased it, and are there certain things you've been -- why is right now the right time to be engaging in discussions?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Thank you. Yes, as I already established, our point of view is we don't step into bottlers to have them forever, so then the question is when are you ready to move on? And that's a good question. There's been significant change. The reason why we stepped in in the Philippines were so obvious for some of you that follow. Before we bought the other 60% in early 2007, four years before that we were decreasing at around 8%, totally unacceptable. Since then our average, although we had a difficult year last year, was 8%.

But, more importantly, it was a few things that we needed to change. Our previous bottler basically, let me say as it is, destroyed our distribution system. It became a system of (inaudible), and then we were not able to apply the strategy that we believe creates competitive advantage. So we've progressed a lot on that arena, to the point that really it's about details, execution, ability to sustain that effort.

And I already established that Philippines is very similar to Latin America, so FEMSA is interested. We believe they have the knowledge, the ability, the tactics to take over. And our purpose of establishing a direction has been accomplished, so the door is open for this conversation.

Kaumil Gajrawala - *UBS - Analyst*

Okay. Great. Can we talk a little bit more about the portfolio in China, and particularly, while there's a lot of growth there hasn't been a lot of growth in sparkling, I believe, and some numbers, though third party, may have even showed sparkling declining, I believe, in 2011, so can you just talk a little bit about the consumer in China and maybe what's behind that and then how you feel about what your portfolio looks like there?

THOMSON REUTERS

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Thank you, Kaumil. Well, first, let me just correct some statistics. Last year sparkling did not decrease. We grew I think 13% or 14%. Fanta was 22%, Coke and Sprite.

Kaumil Gajrawala - *UBS - Analyst*

(Inaudible) was the industry also up, or (inaudible)?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Yes, our competitor didn't do that well, but overall the industry was near 8% to 10% on sparkling. What's important I think to visualize in China is that every year is an important year. If you look at the long term it's like China itself. You kind of know where you want to go, but it's about the forces. We are a player in China, so it is our competitors, and we're shaping the industry. It is so small today compared to what it is in other places, despite that in sheer numbers it's huge, that there's some things you can take. There's going to be teas. There's going to be sparkling. There's going to be juices. There's going to be water. But the question is, how big are they going to be? And it's really going to depend on how we compete, all of us.

Sparkling has grown, I will say, in the last 20 years, faster than any other category, but we have had significant challenges in periods of time. Two years ago was one of them. After the Olympics we were doing very well. Two years ago we suddenly started decreasing. That's why I said before that we refocused on sparkling, because we were trying to do so many things. We were so successful we thought we could do it even more. We learned the hard way that sometimes when you're so successful you don't need to do more. You just need to keep doing what you're doing. So we got back to making big bets in some portfolios. Sparkling is going -- it grew strongly last year, but so did juice and teas and value-added dairy and water. So this is a game of growth. Who's going to grow faster?

Kaumil Gajrawala - *UBS - Analyst*

Got it. Can you talk a little bit about juice, which is, obviously, very big for you and I think one of your, at least one of my favorite products of yours --

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Great. Thank you.

Kaumil Gajrawala - *UBS - Analyst*

-- which is, of course, the Minute Maid Super Milky, Super Pulpy --

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Oh, okay.

Kaumil Gajrawala - *UBS - Analyst*

-- which is probably my favorite name for any brand you have.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

(Inaudible)

Kaumil Gajrawala - *UBS - Analyst*

But can you just talk a little bit about the juice category, including the idea that in some parts of China it's a delivery mechanism for nutrition and stuff like that? It's a little bit different from the refreshment story of sparkling.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Thank you. The juice category if you go around the world basically has three big legs. There's one that is 100% juice. In China it's basically nonexistent. Then there's kind of a middle category in some places. They call it nectars. It has a little bit more juice, 50%, whatever. Minute Maid Pulpy is playing that role in China. That's a product with pulp, and that's the one that you're referring. It does have other connotations beyond just being a refreshing drink. But there's also a big market for just kind of small-content juice drinks, 5%, 3%, 2%.

You might remember we tried to buy a company a few years ago. We wanted, as we were very busy with Minute Maid and very successful, we wanted an entry in this other category, and it just didn't happen. But it's a category that is very healthy across the country. It is growing in the two legs that I describe. 100% juice is not there yet really in any important way. We have a very strong entry with Minute Maid. We're very happy with that product, and we continue to work very hard with gaining market share year after year since we launched that product. And we are basically -- this is kind of our second engine of growth.

Kaumil Gajrawala - *UBS - Analyst*

Are there markets that you feel investors are not focused enough on? Obviously, Japan and China are most of the conversation. Are there other markets that we need to be more aware of or need to be thinking about?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Well, as I tried to explain, Kaumil, and you'll understand that we really have a very big and diverse portfolio, and our future 20, 10, 30 years from now is going to be very, very different. Japan is very important. I think it's fair to say that it will decrease and decrease in importance. China will be very important. I would say that in general the ASEAN countries the next 10 years you will start seeing some good things from us. We've made diligent, diligent hard work on all of these countries, investing in taking over the Philippines.

Thailand was the only country where our international competitor was bigger and successful. We're taking over now. We're investing there. We changed the bottler in Malaysia, which we think is an economy that will reward us through time. And I can go on and on. We're making a lot of investments that short term you don't see that we do within our portfolio. But I'm convinced that this ASEAN market is going to be very rewarding for us.

Kaumil Gajrawala - *UBS - Analyst*

Got it. And then final question, we're a little bit overtime, but since we're last we can take a couple extra minutes. It's just what is, if we sit here at this time next year, what do you -- what would you say is the one thing that's going to surprise us about your business?

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Surprise you. That's a good question. I really don't think in terms of surprises.

Kaumil Gajrawala - *UBS - Analyst*

I think Jackson tries to make it his role to never surprise us, but --

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Jackson Kelly - *The Coca-Cola Company - VP & Director, IR*

That's right.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

No, no, not really. Obviously we all have different views, and, as I said, part of my -- the biggest responsibility that I have in the Company with this group is to make sure that I can coordinate between what I invest in the brands, delivering my budget, which I do religiously, and at the same time investing with a good sequence for the long term. So there's tradeoffs --every manager (inaudible) that you have to do through time.

I've been in this company for so long that I can tell you that many times people tend to lose perspective of what's really going on in a specific year. The value of our company I truly believe is in creating sustainable value. And China is going to have difficult years, but I believe it's going to have wonderful next 10 years. And we might have difficult quarters, but we're working very hard not to just deliver every moment and hurting the business but creating sustainable business.

So you might see some differences in currency that are not expected. You might see some weaknesses in some countries as they adapt to their strategies. But for me those are not really surprising. Those are realities. Those are tactics. What you should be looking for are the fundamentals of our business. Are we growing our equity? Are we sustaining our portfolio? And are we able to manage all these investments and still deliver on our results?

Kaumil Gajrawala - *UBS - Analyst*

Got it. Well, thank you very much for --

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Thank you.

Kaumil Gajrawala - *UBS - Analyst*

-- for attending, and then thank all of you for spending a couple days with us and many of our presenting companies. And I'm sorry at the introduction I forgot to thank you for all of the refreshing beverages.

Glenn Jordan - *The Coca-Cola Company - President, Pacific Group*

Kaumil, thank you. Thank you, UBS, for having us here, and all of you.

Kaumil Gajrawala - *UBS - Analyst*

I'm not quite sure we got through all five [pallets], but we did our best.