FINAL TRANSCRIPT

Thomson StreetEvents℠

KO - Coca Cola North America Market Tour

Event Date/Time: Sep. 21. 2011 / 6:00PM GMT

THOMSON REUTERS

CORPORATE PARTICIPANTS

Jackson Kelly
The Coca-Cola Company - VP and Director of IR

Sandy Douglas
The Coca-Cola Company - President, Coca-Cola North America

Steve Cahillane
The Coca-Cola Company - President and CEO, Coca-Cola Refreshments

Katie Bayne
The Coca-Cola Company - President and GM, Sparkling Beverages Coca-Cola North America

Brian Wynne
The Coca-Cola Company - President and GM, Still Beverages, Coca-Cola North America

Alison Lewis
The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America

Julie Francis
The Coca-Cola Company - CCO, Coca-Cola Refreshments

Mel Landis
The Coca-Cola Company - Chief Retail Sales Officer, Coca-Cola Refreshments

Chris Lowe
The Coca-Cola Company - President, Foodservice and On-Premise, Coca-Cola Refreshments

Glen Walter
The Coca-Cola Company - Chief Region Sales Officer, Coca-Cola Refreshments

Gary Fayard
The Coca-Cola Company - EVP and CFO

Brian Kelley
The Coca-Cola Company - Chief Product Supply Officer, Coca-Cola Refreshments

PRESENTATION

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

Good afternoon everyone. It is great to see all of you once again. I guess we haven't had a group this large since about 2009 when we had our last investor event in Atlanta. So on behalf of the Coca-Cola Company and our management team, we want to wish you a warm welcome to the Houston marketplace. Really great to have all of you here with us.

We are also pleased to have many members of our media community with us as well as our investment community and we have got many members of our North American leadership team here with us both in this room and a great number of people you're going to meet as you interact and engage with them in the marketplace tomorrow. And of course, we have Gary Fayard, our Chief Financial Officer over here as he is mopping up a Coca-Cola.

And we also want to extend a very warm welcome to all of those that are joining us live via webcast right now. And of course we appreciate that you have taken two days to be with us in the marketplace and I think and we hope by the end of these two days you will have a better appreciation and understanding of the great work that our North American leadership team is doing each and every day to advance our momentum.

But before we hear from our team, obviously as the head of IR, I just want to remind you that the comments and the presentations that you are going to hear today may contain some forward-looking statements and therefore we need to ask you to take just a moment and read the screens.

And then with that, it is my great pressure pleasure to bring up Steve Cahillane, our President and CEO of Coca-Cola Refreshments, and Sandy Douglas, President of Coke North America.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

So good afternoon, everybody, and thank you, Jackson. I am proud to share the stage this afternoon with my business partner Steve Cahillane and to be joined by the members of our North American leadership team who will be independently reporting on many aspects of our strategy to continue to advance our momentum here in the United States and Canada.

But before we get into it, I wanted to take a moment to reflect back to the last time we gathered with all of you in Atlanta in November of 2009. Much like today at that time in 2009, we were in the midst of significant economic volatility. We'd had a rapidly changing consumer and customer environment. We continuously saw changes in what our customers needed and wanted and it challenged our system to respond in a nimble and competitively effective manner. And just like today and always here in the United States beverage market, it is a very competitive environment and one where we have got to be on our toes.

There was one other thing that I think is relevant to go back to in 2009 and that is the focus of the business, what we talked about as being our principal strategy and how we were going to approach growth in the United States and in Canada. And I wanted to go back just to the actual transcript from that presentation because I think consistency of strategy is an important element to what we are trying to do.

What we said is that growth in North America would be a function of our ability to seize growth opportunities by delivering better value to consumers. And we spent 90% of our time together in that meeting when we were talking about North America talking about how the driver, the wellspring of growth would come from our brands.

And we said at the time that we will do this through innovation and by giving consumers value in the brands and the products, the packages and the functional attributes that meet their needs. And then we would take that brand value and translate it, work together with our system to translate it into customer value, working with our customers to serve the people who shop in their establishments and to meet their needs in their lives for how they eat, play, work, live and shop.

And then finally, we talked about a third strategy which was about capability and productivity and the importance of generating productivity so that we could create that virtuous cycle of value and reinvestment for growth in our overall business funding consumer and customer initiatives by making our system more effective and efficient.

And that is what we said in 2009 and it is what you're going to hear us talk about again today. Because the magic of this consumer and customer focused strategy is not the strategy itself but it is in the execution. And that is a key element of what we have been working on since we were last together. And a lot is still the same strategically but also, Steve, there have been a couple of pretty big different -- big changes as well.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

Yes, obviously we are very proud of the things that have remained the same because they are working for us and we are figuring out how to do more of what is working for us but clearly there is a very large difference. And that is the transaction that we executed nearly a year ago, a transaction that allowed us to align our North American businesses in a way that we haven't had the ability to do in the past. And a transaction that is also brought together what I believe is a world-class leadership team, Sandy's team and my team working together each and every day to advance our momentum. And you will get a chance over the course of the next day and a half to meet many members of this management team.

Last year when we made the decision to put our Company and our system together, we did it because we wanted to be in the best possible position to grow with our consumers and accelerate our progress and our momentum against our 2020 vision.

We are becoming one strong and aligned business system that is organized to execute a more focused value driven selling process enabling us to take our brands to market in the right way better than ever before in North America, our flagship market.

And what makes North America so critical to our system? Well as most of you know, North America is a huge nonalcoholic ready-to-drink market. In 2010 about 20 billion cases of NARTD beverages were sold resulting in nearly $150 billion in sales for the industry. We believe the total market will grow slightly ahead of population growth between now and 2020 putting annual industry volume growth somewhere between 0.5% and 1.5%.

The teenage population is expected to increase to be over 30 million teenagers by 2020, 30 million teenagers by 2020, making North America the third-largest teen population behind only India and China. And importantly, a lot of what is driving this is a strong and economically powerful multicultural demographic.

And like Sandy said back in 2009, our ability to capture this great opportunity starts with our strong brands and our ability to translate that brand value into true customer value. And to sustain our success over time we will need to continue enhancing our capabilities to sustain and repeat success.

And importantly at the end of the day, advancing our momentum in North America will take a systemwide partnership. Our system, our system we recognize needs to be faster, more nimble, more coordinated and more consistent in our approach. Advancing our momentum will require the full range of our investments from capital to people to insights and everything in between.

To do this, our system must have one common set of global objectives -- goals and objectives. This is why here in North America we have built our own roadmap for growth which all of you should have received a copy of in your registration materials. This roadmap which is rooted in the core principles of the Coca-Cola Company's 2020 vision will help us reach our destination of being the best brand sales and customer service system in North America.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

And how do we expect to achieve this? Let me give you three important headlines. First, by building commercial leadership capabilities centered on collaborative end-to-end planning and executing processes focused on creating the perfect shopper experience one store at a time where we deliver our products in the right package, at the right time, at the right place for the right occasion.

Second, by building a flexible high scale competitively advantaged consumer and customer centric selling and distribution system and reinvesting in sales and market execution including feet on the street, on premise capability, commercializing new package architecture faster than we ever have before.

And third, by aggressively driving productivity across our system in everything that we do, eliminating waste, driving increased returns on our capital and delivering better product, supply, planning and execution to deliver a competitively advantaged product supply system.

For we truly believe that it is a tremendous time to be in the Coca-Cola business and to be a part of the Coca-Cola family. And that is mainly because we are operating in a tremendous environment of opportunity, opportunity inherent in what is a growth market, as Steve said; opportunity to leverage the most powerful brands in the world in our industry and here in North America as well; an opportunity derived from having strong plans brought to life for customers by an even stronger operating model.

You know, when we stood before you back in November 2009, we shared with you our expectation that our business in North America have the right focus and that it was on the right path and that it was beginning to show some momentum in the marketplace.

Today, we are meeting with you at a time when despite a challenging macroeconomic environment our business has clear momentum and momentum isn't easily gained and it is not something that you want to relinquish, certainly not in a market like the North American market, the biggest beverage market in the world.

Now importantly, while we think we are accomplishing some momentum, we also believe that it is very precious and we are extremely focused and you will hear this from the team that what progress we have made is small in comparison to the opportunity for improvement that remains. We don't see anything that has happened today or yesterday as any guarantee of tomorrow and so we remain extremely enthusiastic and focused about the work that we have to do ahead to get better and better every day.

Now the chart that you see offers a glimpse of what winning looks like and it wasn't too long ago that this same chart had a number of yellow and reds and some arrows pointing down but right now it looks pretty good. And in fact, when you look backwards and think about our journey to this day, a few years ago we had to acknowledge that in order to make it work in North America we had a lot of work to do. Our brand portfolio needed to be strengthened. Our marketing capability from brand concept to shelf needed to be upgraded. Our customer service and our relationships with our customers needed significant attention. Our supply chain needed modernizing and our system collaboration needed to be better.

And today almost a year into the formation of Coca-Cola refreshments, Steve and I and our leadership team feel that we have made some real progress and that we are actually indeed beginning to make it better.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

And what does it look like when we really do make it better and when we get this right? I would like you to take a look at a quote from a very important customer of ours just recently.

This is the type of comment and the type of theme that we all hope to eventually hear from many, many more of our customers. But as we look towards tomorrow, we have to ask ourselves some very important questions. Are we all the way there yet? What you will hear both of us and our leadership team say is no, we are not.

Do we still have a lot of work to do to make it best? Emphatically, yes. But are we moving in the right direction? Yes, we are. But do we have even more, even bigger volume profit and value growth opportunities ahead of us? Is there more value to create in North America? Absolutely.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Our path to making it best will center around three core marketing and business strategies that were created over the past few years and have remained consistent and they are relevant and consistent today and will be for the months and years to come. And the strategy has three parts, building strong brands, translating brand value into customer value, and building the capabilities to sustain and repeat our success.

And we believe as a strategy it is on target, it is sustainable and may even be a little bit timeless as you think about the times when the Coca-Cola Company is at its best. Importantly, our team will be talking about this strategy not as a conceptual matter but in action. We are very focused taking action every day with intensity, clarity, building confidence and yes, with some success.

So as we talk about the strategy this afternoon from brands and categories to customers to sales execution and capability, we hope -- Steve and I hope that you will see the action of it, the growth of it and the potential of it and then when you go out into the local Houston market tomorrow, you will see what good looks like to us and then index that against the average that exists and you see the size of the opportunity that we see.

But let me just start and Steve and I will cover the three buckets in summary fashion and I will begin with brands.

Our brand strategy really breaks into three parts as well and the first is by far the most important, to accelerate growth of our core Coca-Cola trademark and our other iconic core brand. This is the essence our boss, Muhtar Kent, calls it the oxygen of the business and it is essential to the overall algorithm.

That done well then second is to grow the fastest in the rapidly growing still categories, an objective that we set several years ago that we have been achieving for a while.

And then finally, to develop, test and deploy innovative new brand and business options. You really look in this whole effort to do two things, to create great brands with distinctive and competitively advantaged equities and then to be able to merchandise and execute it through a key strategy that we have been working on for the last couple of years that we refer to as OBPPC, and we take the time to have five letters because each step is important, occasion, brand, package, price, and channel.

This is part of the magic of the Coca-Cola Company because this strategy was not borne here in the United States although you could say it was. We were a fountain business and then somebody got a brilliant idea to launch bottles and cans. But it got refined and innovated in Latin America over the last decade and we have copied and begun the journey in the United States as well.

And it is rooted in the simple idea that consumer occasions can be merchandised and marketed to with segmented merchandising. As Steve said earlier, to have the right brands in the right packs at the right price in each store well activated to the occasion wherever consumers make beverage choices.

And for the operation of a multi-category brand offense, it is simply vital. And Katie Bayne and Brian Wynne who lead our category units will take you through how the brand strategies tie to OBPPC and you can see how the value is created through an integrated all the way to the shelf marketing effort.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

The second key strategy driving our systems' winning performance is translating this brand value into customer value. Simply put, we focus on creating differentiated value with and for our customers to promote our brands, to more and more consumers where they eat, play, work, live, study and shop.

We strive to be our customers' most valued supplier, a true total beverage partner. And really much of what we have discussed about brands and what Katie and Brian are going to continue to discuss in just a moment reflects an intense and growing focus on translating brand value into customer value so that we can be our customers' most valued supplier and we can grow faster inside their four walls then they are growing.

And that is jacks to open if you want to be your customers' most valued supplier. When we do this right, we will continue to win in the marketplace because that is how we win and that is where we win.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Our third key systems strategy and again it links to what Steve has talked about for customer value and what I was talking about with consumers, is continuously building capability. True competitive advantage doesn't come off a PowerPoint slide, it comes from the ability to actually accomplish the strategy and execute it in the store.

So capability building is a big theme that you will see today and hear the team talking about, capabilities to merchandise, to enhance our collaboration, flexibility, speed to market, and customer service, product supply effectiveness and efficiency all focused on being able to serve the consumer and the customer better and better every day.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

And so it is these three strategies that make up our agenda for the next day and a half. We will begin this afternoon with a review of our brand plans as our category GMs will take you through the strategies for the sparkling business and the still business. And then Alison Lewis, who is our head of marketing in North America and Julie Francis, who is our head of commercialization, will talk to you about how we come up with one unified plan for North America and how we link it together to again translate that brand value into customer value.

That will be followed with our go to market team, Mel Landis, who leads our retail sales group will talk to you about how we bring that to life with our large national retail customers. Then Chris Lowe, who runs our food service and on-premise organization will talk to you again about how we bring that to life in that most vital channel.

Then Glen Walter, who is our head of field sales, will talk to about how we execute that up and down the street each and every day to win with our customers.

Then after a short Coca-Cola break, Brian Kelley, who heads up our product supply organization, will talk about how we build capabilities so we can sustain and repeat in our product supply organization.

Then both Sandy and I will come back up and will lead a question-and-answer session that will include our leaders and Gary Fayard as well. Following all that, Mark Schortman, who is our head here in the southeast region will come up and he will walk us through the Houston market and tell you a little bit about what to expect tomorrow in this most exciting market as we take you out on the market tour.

So there you have it. That is our agenda. Let's get started and I am pleased to introduce the President and General Manager of our Sparkling Business Unit, Katie Bayne. Katie?

Katie Bayne - *The Coca-Cola Company - President and GM, Sparkling Beverages Coca-Cola North America*

Good afternoon everyone. I am Katie Bayne and I am thrilled to be here today to take you through a quick overview of our sparkling brands and our strategy for growth.

We will start with a little bit of a review, some business results, some brand equity changes, gains. Then we will look at our path to sustainable growth, what we see and how we are going to go about getting after that with our new unified system.

And then third, I am going to present to you some new work, new work across the Coke trademark which is not in the market yet and you are the first to see. And we are thrilled to bring it to you both marketing and changes in our packaging structure and approach to the marketplace.

So let's begin. First from a business perspective, we are delivering consistent growth. As you all know, we closed our fifth consecutive quarter of value and volume, absolute share gains not swings, and our fourth quarter of consecutive retail sales growth for the category. We are thrilled about that but that is underpinned by dynamic changes in our product and brand attributes, two of them I call out here.

First of all on teens, continued growth in the leadership we have with "Is Cool", pulling away from our competitors. And as well in family shoppers, the critical attribute of "goes well with food". These two are our highest correlated brand attributes that link to purchase intent change.

Second, I would like to do a little bit of an overview of some exciting wins we have seen in our sparkling beverage category earned over focus and commitment of the past four years. This chart first shows a little bit about our trademark and how consumers are engaging in the Coca-Cola trademark. As you know in diet colas, we have commanding brand marketplace leadership with about 60% of all diet colas in a zero/no calorie Coca-Cola brand with Coke Zero and Diet Coke and you can see over time since 2000, as we have offered and made sure that everywhere someone can buy a Coke, you can also get Diet Coke or Coke Zero. Consumers make the choices that are right for them and over time changing 32% to 42% now of our total Coke trademark done in zero or no calorie brands.

Secondly, we will continue to leverage and enhance the leadership positions we have taken in mobile and social platforms. Alison will talk about this more later but My Coke Rewards is now at 17.3 million registered households making it the largest FMCG loyalty program on the Internet. When you boil that down, 17.3 million households, you take out those households over the age of 80 or under the poverty line, and that is one in five American households engaged in an active two-way dialogue with us about the purchase of our brands and our programming.

We have the leadership position on Facebook with 33 million worldwide likes and fans of Coca-Cola and 10 million of those, nearly 10 million, are in the US alone. We are learning how with Facebook as a partner to turn that on consistently day in and day out bringing new news and new opportunities to engage with us with our core brands.

And finally, Twitter where we launched an entity about nine months ago, Doc Pemberton, began tweeting daily. He is now the number one branded entity on Twitter, tweeting right now from this meeting I am sure.

Third, Sandy and Steve both talked about our commitment to evolve OBPPC, our occasion-led, consumer insight-led changes to our branded pack, price, and channel architectures. I have got three examples here that we have worked on as a system for the past four years.

First of all on the far left, our 16 ounce bottle at a $0.99 has brought in 30 million incremental beverage occasions where people went out incrementally and bought our brands and participated in the sparkling beverage category. Recruitment taking place in this new smaller size that is exciting the marketplace.

Second, our mini cans which we rolled out two years ago with 71% of the volume in that package coming incremental to the brands of the Coca-Cola Company from either category expansion or harnessing drinkers of other brands who have suddenly found the brands they really loved in a great new size.

And finally, our contour two liter, bringing 20 million new households since launch into big bottle business with us pouring Cokes all around family times and dinner tables around the country.

So innovation will remain at our center and our focus in terms of bringing fresh new news around our core brands that may take the place of packages, delivery systems as you see here or fantastic new marketing ideas. You are going to hear more about all four of these areas through the next day and a half and then you will see it in the marketplace. So those are the key areas where we will focus to leverage and build on the wins that we have seen making a difference in our sparkling beverage category.

That focus and that commitment to our core has led to ever-increasing brand strength. Here are the most current numbers on our favorite brand advantages versus our closest competitors across our core. We look at these every single month and look at the underlying attribute changes as well.

Where we will go in terms of action is to continue to deliver on our five sparkling strategies. We have shared with you these with you before, slight word changes here and there, but the same five strategies as you have seen from us over the past four years.

We will recruit teens and young adults in our next drinkership of all of these brands. We will continue to enhance our OBPPC architectures throughout our entire customer base and regionally. We will lead sparkling credibility as we take on important programs like give it back and our live positively platform which is now embedded in every program we bring to the market for our sparkling beverage category.

We will engage family shoppers with more clarity and more value every single day as they move through our retail partners along their purchase cycles. And we are also working on evolving and presenting great new options to sustain our strong adult drinkership as people move on in their sparkling love and may want brands with slightly less caffeine or less sweetness, brands like Caffeine Free Diet Coke and our new Seagram's brand where we have been taking a lot of action in the marketplace together as a unified system.

So that is great. That is our strategies for growth. So show me about sustained sparkling growth. How are we going to get there? Well, in order to understand how we are going to get there, it is important that we all know as a team where we are.

This is our per cap on our core sparkling brands around the world and on the X axis, you can see basically the teens across each teen group and it is the eight ounce per cap servings of our five core sparkling brands in the top 32 markets. And that is great, that is a fairly evenly developed business.

Well, when you take out China and India, you see the per cap curves move up as our developed markets have been out marketing the sparkling category for longer and we stand at the top part of that group of the most developed markets, markets like Great Britain and Canada and Western Europe and you can see where USA is. However as we fully realize, there is a ton of upside in becoming what we aim to be which is the global best in class.

So how will we get there then? Well, we are going to commit to changing the shape of that curve and we do that in partnership with CCR. We will do three things. First, we will recruit; second, we will sustain our drinkership; and third, we will continually reframe what the sparkling business is all about.

So those are nice words, I like the way the curve moves. Now how are we going to do it is the question? Well we will do it by clearly identifying what each brand, what each of these core brands in our sparkling business is designed to do and has as a top priority. You can see here that each of the six brands has a specific job description in our path to sustained growth.

I won't have time today to go through all six or I would be presenting all afternoon and there are other important parts of the business. So I will focus on Coke trademark where we have new news across both marketing and commercialization.

So let's get started with Coke. Coca-Cola's role first and foremost is to recruit teens but it also has a very important role due to the size of this brand about sustaining family shoppers. So let's start with teens.

Teens today are more complex than ever. Think about our lives and multiply it by 10 in terms of the kinds of ways that you need to engage with them to have a full brand dialogue. So instead of me standing and talking to you through all the ways, I am going to show you a two-minute video that outlines programs that are in the market today that take not just digital platforms but wire in commercial experiences, places where they can enjoy our brands and assets where we are exclusively poured and can bring alive the fun of being with your friends for teens and provide new meaning to what Coca-Cola is all about. So let's take a look.

(video playing)

It is a whole teen ecosystem of secret formula operating out there now. Nearly half a million kids actually ended up at that end point of going through the Swelter Stop or at Live Nation concerts throughout the country last summer and the summer before and more and more, we are adding more of our partners from cinema partners like AMC and Live Nation to really bring what is so great about a Coke and how it comes in and out of their lives delivering [better] equity and consumption occasions every day.

That is recruiting teens. How does Coke also reframe the category and the brand?

Well one exciting way is by really understanding how to take important partnerships like Olympics where we are the proud sponsor of active healthy lifestyles and bringing that alive. We have learned over the past three years how important design is as it is the fusion of core brand equities and the actual pack, the billions that are picked up every day. And what I am going to show you now is a sneak peek of work well under way, our 2012 summer is already well underway. Our new look of our Olympic collectible series packaging, much like our summer collectibles you have seen last summer or our holiday packaging, this is the Olympic packaging. I will give you a sneak peek because it is a little ahead of the game. But I am very excited about how our powerful lineup of eight athletes here, diverse powerful, all favorites in each of their sports are going to come to life on Coke packaging throughout our retail environments next summer.

(video playing)

A lot more to come on Olympics. Coke has natural great tasting energy coming to life in the marketplace across the summer next summer. Look for more on that.

But beyond marketing programs and beyond teen deep connection really important way is how we are presented in the marketplace every single day. And I am proud to unveil to you today and we are bringing to each of your rooms tonight the latest in our evolution of our occasion brand pack price channel architecture for our immediate consumption environments where we will launch the 12.5 ounce Coca-Cola handheld.

This bottle has a name and an importance as it like your phone or anything else stays with you as you move around. It is not to go with a big food occasion. It is the Coca-Cola handheld at $0.89, our newest user friendly size.

Of course this will continue the great recruitment numbers that we have seen with $0.99, 16 ounce but it also allows us to take 16 ounce now up. With the cost of goods pressures you all know about, 20 ounce stays bundled with food and one liter still provides a terrific value for our thirstiest consumers in our immediate consumption environment.

But our evolution of our OBPPC extends beyond IC. You have seen as we have taken our big bottle business and reengineered that a bit with the launch of contour two liter three years ago, than 1.25 rolling out at $0.99 providing an entry point into our big bottle business. And the exciting news is we have sustained big bottle total units growth as we are better meeting the needs for people who want to share and pour for their families no matter what size they are.

Finally, another piece of news I would like to announce today, our minis have had great acceptance. What we have learned this summer as we looked in deep detail at our pricing across our can packs is that there was opportunity in minis and in six markets earlier this summer, both Pepsi and Coke Heartland, we took a look at pricing change on minis and what we found was there were many more consumers interested in this pack than we were reaching.

And what we found is that this new price point which is just below $3 where we will move to and you will see in the marketplace tomorrow, it has gone out nationally and prices are now moving across the country, we will be the first beverage company to offer on a per can basis equivalency across this our portion control pack as well as our 12 ounce fridge pack. $0.37 a can roughly; you can get the portion size you want.

And what we learned from our consumers it wasn't just about calories in portion control, it was just sometimes I just want a can and I want a little less. And our moms said I am just sick of finding those cans -- like me -- all over the house that have about that much left in them. So for multiple reasons, people want this package and we are now going to present it in an affordable accessible way across the entire marketplace.

Moving onto Diet Coke then, the second brand in our Coke trademark. Diet Coke's role against recruit, sustain and reframe is to recruit our 20- to 29-year-old drinkers as well as sustain that incredibly strong drinkership and loyal drinker base of our Diet Coke consumers.

We have recommitted to Diet Coke last year as we launched "stay extraordinary" and "stay extraordinary" is our campaign message as we learned and talked to 20- to 29-year-olds. They said, you know I don't need brands that are going to make me extraordinary. I already actually am. What I want is brands that help me stay that way, that keep me at the top of my game. And Diet Coke's refreshing uplift is a brand just like that.

And so we found our voice and we articulated it this summer in major markets across the summer not just in television and digital but with contextual out of home. This is just a smattering, it is in major markets like New York, Chicago, Miami, Atlanta. Here you see it pairs well with going places outside the Holland Tunnel. The two shopping examples you see some tomorrow are in a mall in Atlanta called Atlantic Station, accessorize your thirst, and no buyers remorse.

Wall Street stimulus package and then obviously outside maybe another kind of outlet, the other iced-nonfat-to-go. These [choice] for movers and shakers. We are rolling that now through many more markets across the country. There is a voice, there is a tone but it also ties directly to the occasions where Diet Coke is right.

I am thrilled to show you an additional piece of that today as we found a way to be sharper with our communication with Diet Coke. I am now going to show you brand-new television. Some of it -- if you were watching last night, Glee, Modern Family premier, all of the premiers this week are starring our Diet Coke work. And there are three new spots I am going to show you now.

First I will show you the 60 that rolled in the Academy Awards that sets the platform for stay extraordinary. It will continue to roll but we have developed these 15s and we haven't done 15s on a major brand in a while but what they give you is a little jolt of why Diet Coke is such a great brand for all these occasions. So you will see three of them. The first one targets the morning occasion and the bridge line is a little drive for the drive to work.

The second targets your mid-afternoon lift and it is another word for ambition is thirst is the bridge line. And the third is your evening warm-up, proud sponsor of all those lights on as you have a Diet Coke on your way out for the evening.

So let's take a look at all those together and you can see the feel on television how Diet Coke stays extraordinary.

(video playing)

So new succinct sharp stories of how Diet Coke is the right brand at any moment in time. The 15-second format we can book end in network television. We are also using them throughout digital environments turning the right one on at the right point in the day.

So new news on Diet Coke and now over to Coke Zero, our darling of the Coke trademark. As you know, we just finished our 21st quarter of strong growth for Coke -- for Coke Zero, it is all about recruiting males. And we have had and enjoyed a wonderful run on our brand managers campaign which basically made fun of me and everyone who works on Coke that the Coke Zero team had stolen the taste of Coke. And it was a great very clear intrinsic message to the consumer that Coke Zero tastes like Coke but has zero calories.

Well we are ready now to move to a new level of communication on Coke Zero. What we have learned from talking to our 18- to 24-year-old male target is they really do believe that Coke Zero should just be. They believe that they should have everything. They have thousands of songs in their pocket, they have cloudless computing. Of course they should. They don't believe in or, they believe in "And" and they believe in enjoying everything.

And so we are rolling a new campaign out on Coke Zero. You are seeing it today. It will join Open Happiness on Coke, Stay Extraordinary on Diet Coke, and Coke Zero takes its rightful place with Enjoy Everything; really targets that young male's ambition to have everything as well as echoing into Coke history with the word enjoy.

And so I am happy to share with you today our first spot in this campaign. It is called "And" and it is rolling now in cinema and will roll out on NASCAR as well as college football throughout the fall. So please enjoy a brand-new spot on Coke Zero called and.

(video playing)

So fresh new voice on Coke Zero. We have rolled the at a home in the digital in the last two weeks. We are now rolling the television. And I am also excited to share with you today one of the critical factors that will lead to continued growth on Coke Zero is making sure we are connecting to our multicultural growth.

And so understanding that positioning of "And" and enjoy everything takes on slightly different focus for African-American consumer. We are learning it is really that message of no more or -- it is and -- and it is enjoy everything and new work is underway and in construction now for our African-American depth work. But our Hispanic work is finished and is just hitting the air and for our Hispanic young consumers, it is about the American life and the idea of "And" and enjoying everything and Hispanic fun.

And so now I share with you our first ever US Hispanic Coke Zero commercial. It is running on Univision and Telemundo now and will be running in heavy rotation. So please enjoy mustache.

(video playing)

Well, all new work on Coke Zero, Diet Coke, Coke, I think you can see how these different marketing programs, these different commercial efforts line up to help propel our drinkership curve up and there are many more things on this chart that aren't on it for today. As we move into 2012, you will hear many more things to arm this curve. You will see us leveraging our multicultural opportunity, deepening our teen engagement every day, sustaining our strong drinkership with a real focus on sparkling beverages as in particularly Coke with food.

In the middle of the whole section you see the Ingrid Hoffmann there who is a symbol for our Coke with food work. You are going to see her later today and you'll see her work in our partnership out in the marketplace tomorrow.

We will sustain our drinkership with our powerful brands for older households and consumers in new formats that meet their needs as well. With our commitment to strengthen leadership, you're going to see more people drinking more often and you will see us deliver sustainable sparkling growth.

Thank you for your time and now I would like to turn it over to my business partner, Brian Wynne, General Manager and President of our still category. Thank you.

Brian Wynne - *The Coca-Cola Company - President and GM, Still Beverages, Coca-Cola North America*

Thank you Katie, and good afternoon everyone and thanks for being here today. It is my pleasure to be able to spend the next 15 minutes or so and talk with you about our still beverage portfolio here in North America.

In terms of organizing our discussion, I would like to start with discussing our focus and our priorities. Here I will spend a bit of time and try to dimensionalize for you still beverages, how we have chosen to compete. And I will spend the bulk of my time talking about the brands within the categories.

I will then at the back end of the conversation spend just a few minutes and talk about two of our aspirations, one about becoming the fastest growing still beverage portfolio and the second one being become the most valuable still beverage portfolio in North America.

So let me begin with what is still beverages? As you can see on the chart here, still beverages are a collection of categories that make up just under 50% of the total nonalcoholic ready to drink beverage landscape. It is a big business, about $62 billion in value. It has been growing over the last several years and more importantly, we expect it to continue to grow faster than total NARTD.

When we think about how we want to participate in that space, we push our opportunities up against two dimensions. The first is market attractiveness. Here we will look at emerging consumer trends, changing consumer demographics, current profit pools and possible profit pools.

We also look at it against the dimension of our ability, our system's ability to win. We will look at our current brand strength. We will look at potential brand acquisitions. We will look at our commercial capabilities as well as our route to market capabilities.

So we will take all the opportunities that exist in all those different categories, run them against these two filters. And we did that and it led us to our current five priorities for still beverages which are one, accelerating our leadership in juice; two, closing the profit pool gap in active hydration; three, differentiating and driving value with DASANI; four, building competitive platforms in energy and tea while incubating for future growth; and five, building our commercial capabilities.

I am going to talk to the first four today and my teammate Julie Francis will talk about commercial capabilities in just a bit.

So let's start with our first priority which is accelerating our leadership in juice. And I am happy to be able to report to you today that our juice business is healthy and performing very well. I would like to start with a little bit of history around the juice category because I think it will help set up the dynamics that are going on in the marketplace today.

If you go back several years ago, there were two primary players in the marketplace, Tropicana and Minute Maid. Those are the two primary brands in the marketplace and in 2001, we launched Simply Orange both initially regionally and then expanded it nationally. And you know the tremendous success we have had with that brand over the last several years.

We launched Simply first as our premium offering in the marketplace. It was the best orange juice in the orange juice space, the closest to the orange and completely un-fooled around with by man.

Let me show you a quick spot on Simply that is titled plant tour and I think it does a really nice job of highlighting the essence of the brand, its premium quality, its fresh tasting and unfooled around with. So if you could please run the spot.

(video playing)

The consumer has responded very positively to our multiple branded juice strategy. Behind me I have a couple of charts that I think show our progress pretty well over the last several years. On the left you will see our favorite brand scores and on the right are our retail share of dollars in the marketplace.

Let me start on the left. The red line represents the portfolio of juice brands in the Coke portfolio and the blue is obviously our principal competitor and it represents -- the lines represent the number of consumers that choose those brand as their favorite brand. And if you look at our progress from 2007 to today, you can see each and every day consumers are choosing our brands as their favorite brands more and more.

And on the right you can see how the consumers have voted with their wallet. This gives us a share of retail dollars in the marketplace and if you look at the -- and the red line is our performance over the years and the blue line of our principal competitor -- and you can see we have grown our share. We have achieved share leadership and we have had a 7.1 share swing versus our primary competitor.

Now to be clear traditionally when we talk about shares in the marketplace, we will talk about the total market not just measured channels but these are pretty readily available sources, so I thought it would be helpful to share them with you today.

Now, the market continues to change and recently our primary competitor launched a product in a PET bottle similar to Simply's and we believe that created a wonderful opportunity for us to further refine the segmentation in the juice business for our portfolio. And just this past month we launched a new product called Minute Maid Pure Squeezed, a not from concentrate product under the Minute Maid brand and it is a brand that we launched in this wonderful upscale package as well.

We believe this gives us a great array of products to be able to compete in the juice category on the high end with Simply as the premium juice in the marketplace, a brand like Minute Maid Pure Squeezed occupying the middle of the market which will allow us to be able to do wonderful things like add essential wellness to that brand that we wouldn't do with Simply.

We will add things like vitamins to Minute Maid Pure Squeezed. We are excited to be able to launch a wonderful line of low-calorie great tasting beverages that will also come out under the Minute Maid Pure Squeezed line. And we will also have available our current Minute Maid from concentrate business as a branded value for our customers and for our consumers.

So let me move over to my second area of focus which is closing the leadership gap in active hydration. And by definition, we describe active hydration as the merger of sports drinks and ingredient enhanced waters. Our goal here is to close the profit pool gap that has historically existed.

We compete in active hydration with a number of great brands. In sports drinks, we compete with POWERADE and POWERADE Zero. With our proprietary ION 4 formula coupled with POWERADE Zero's explosive growth, we have enjoyed double-digit growth with the brand and are growing volume and value share.

Additionally, we are working to continue to build the brand through some great marketing properties and next year you will see us do that with two really wonderful marquee properties as the official sports drink of the NCAA and of the Summer Olympic Games.

With Vitamin Water, we basically invented the ingredient enhanced category and today we have the number one ingredient enhanced water, the top seven SKUs in the market, and within convenience retail, the top 20 of 20 highest performing SKUs.

And our third brand is another wonderful brand we have; Smartwater, it is a brand that is up 18% year to date. It is already America's number one premium water with over 50 share of the marketplace.

I would like to now show you three consumer communications that I think bring to life the core creative idea for each of those three brands. The first for Vitamin Water is a spot called Joe College. It depicts a young man just home from college greeted by his parents at the front door after a big night out and he is really grateful for Vitamin Water revive helping him get back on track.

The second is a spot for POWERADE. It features Ryan Howard and it really epitomizes the essence of POWERADE because it showcases a young athlete working hard to achieve his goals. It highlights the science of ION 4 and it inspires consumers to focus, hustle, hydrate and believe, which is the essence of POWERADE.

And the third communication is not a commercial spot, it is a video. It is a video we produced with Jennifer Aniston for Smartwater and it is a really cool video. It is -- it is Jennifer's play on viral videos. It is the first one she has done and it is a great example of using a different kind of media to communicate with today's consumers. So if you could run all three please.

(video playing)

Now before I jump into this chart, you will recall in the video Jen mentions the number of hits that she was able to get by hurting that young man. The beauty of this kind of media is it is wonderful in terms of its reach and how fast it can get out there. We had one million hits in the first 24 hours, seven million in the first week and we have over 15 million hits so far on that video. So it is just a wonderful example of kind of using new and creative ways to reach consumers.

This chart here summarizes our performance in active hydration. And again we are measuring retail dollar share for us and our primary competitor. If you look back at 2006, you can see we are at a significant disadvantage in total retail dollars. And with the acquisition of the Vitamin Water brand and the growth we have achieved on POWERADE, Smartwater and Vitamin Water, you can see we have made significant progress at closing down that profit pool advantage.

The next two areas I am going to talk to rather quickly in the spirit of time. The first is around DASANI, differentiating with DASANI. One of the ways we are differentiating with DASANI is with our industry-leading sustainability efforts. The DASANI PlantBottle package is a package we launched about a year ago to a major marketing campaign that included TV, print, out of home and great programming with all our major customers.

To date, we have had over one billion consumer impressions and more importantly, consumers are telling us it really matters to them and our brand preference scores continue to rise. Today we are the number one favorite national brand. We sell at a premium to many national brands and because of those two things, we have been able to secure a lot of relistings at some customers over the past 24 months making our product available once again in a lot of outlets.

The next area I want to talk to you about is tea. In tea we compete with three principal brands. In health and wellness, we compete with Honest Tea. It is a wonderful brand. We took an equity position a couple of years back, took full ownership of it earlier this year. It is a great brand that sits right on the sweet spot of health and wellness and is continuing to perform very well for us.

In the area of homebrewed taste which is a huge piece of the tea category, we compete with Gold Peak which is a juggernaut brand for us. It is a brand that is performing very well across all our platforms from chilled, shelf stable and our post mix business and you can see we are growing 53%.

And Nestea competing in the refreshment tea space which while down is beginning to stabilize. So it if you look at our tea business, we are performing really well in two-thirds of it and stabilizing in the third.

In the energy category, we compete with three brands, two that we own, one where we have a licensing agreement. The first brand I will talk to is NOS. It is our high-performance brand. It markets through properties like NASCAR.

The second brand is Monster, which is a licensing agreement and it is a brand that you're all familiar with and which is performing very well in the marketplace and growing share. And the third brand we compete with which is Full Throttle, which is a very profitable brand for our system.

The last area I want to talk about is incubating for future growth. Deryck van Rensburg leads our venturing and emerging brands unit at Coke North America and his team is tasked with identifying emerging consumer trends and helping to nurture groundbreaking brands within our system. By making investments early in these brands and nurturing them, we are positioned to enjoy future growth.

On this chart you can see a number of our different brands that Deryck and his team manage. Some of those were brands that we have full ownership at this point, brands like NOS, FUZE, and Honest where we took an early equity position and then ultimately acquired the brand. Others where we remain a minority investor like ZICO and still others that we are nurturing internally like Illy, CasCal and Sokenbicha.

The last two things I want to give you all a progress report on are two aspirations. The first is we set out to become the fastest-growing still beverage portfolio in North America and I am happy to report that today we are. This chart depicts year-over-year growth for us and our primary competitor in total still beverages and as you can see, we have grown consistently over those years and grown faster than our primary competitor.

The second of our aspirations was to become the most valuable still beverage portfolio in North America and today we are not. However, this chart shows you the significant progress that we have made on our journey to become the most valued still portfolio in North America.

And we know that it is not going to be easy to be able to become that most valued portfolio. However, a number of things give us great confidence. Number one, we have great brands that consumers love. Number two, we have momentum, great marketing and we continue to invest in our brands. And number three, with the new capabilities afforded us by the integration we believe we have new tools and capabilities that will be able to accelerate our growth in still beverages.

So with that I would like to thank you for your time and attention this morning and I would like to invite to the stage my two teammates Julie Francis, our Chief Commercial Officer, and Alison Lewis, our Senior Vice President of Marketing. Thank you.

Alison Lewis - *The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America*

Thanks, Brian, and hello everyone. I am Alison Lewis, Head of CCNA marketing.

Julie Francis - *The Coca-Cola Company - CCO, Coca-Cola Refreshments*

And I am Julie Francis. I lead our commercial leadership organization for Coca-Cola Refreshments. Today Alison and I are going to talk to you about the work that our marketing and commercial leadership teams come together to drive sustainable growth by creating value from the brand all the way to the shelf.

Alison Lewis - *The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America*

Let's start by backing up and looking at the complexity that exists today in the marketplace. Consumers have over 20,000 beverage SKU choices across total measured channels. That is a lot of choice. And they are more informed about those choices via technology with 40% of the mobile audience using mobile search daily. Add to that the diversity in the US with multicultural consumers making up 35% of the landscape by 2020, and you start to get the picture that the who, what, where, when and how of connecting with consumers through marketing from brand all the way to the shelf is much more complex. And arguably, more important to get it right.

Julie Francis - *The Coca-Cola Company - CCO, Coca-Cola Refreshments*

You heard from Katie and Brian earlier, so you know that we have great brands. You just saw some great marketing and we have got great diversity of packages to meet the growing number of our consumer consumption occasions.

But as Alison points out, the marketplace is incredibly complex and challenging. Our jobs are to simplify the complexity, to connect our brands to shoppers in a disciplined and segmented merchandising approach that inspires shoppers and most importantly converts them to buyers.

The retail landscape continues to change as consumer needs and lifestyles evolve during these challenging economic times and because of this consumers are frequently all different types of outlets and formats. While Coca-Cola products are enjoyed in many of these, there are still a great number of outlets that we don't have our products in yet. While Coca-Cola products are enjoyed in many of these, there are still a great number of outlets that we don't have our products in and let us not forget of those that currently serve our products, there is still a significant amount of growth opportunities by expanding the depth and breadth of our brands and packaging availability.

While accomplishing this won't be easy, we are building segmented capabilities allowing us to capture those opportunities and to drive sustainable growth.

Alison Lewis - *The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America*

So as Julie set up, how do we manage against this complexity to deliver against our simple mission which is to refresh more people more often? With capability, capability focused against segmenting and executing, with relevance and precision to drive more occasions for consumption of our Coca-Cola brands throughout the day.

Before we go much further, I want to make sure that I clarified with all of you how we define occasions and transactions. An occasion is a moment when a consumer opens a package and drinks one of our brands. There are many occasions for drinking Coca-Cola depending on the consumer's needs. And each purchase transaction can include one or many occasions such as meals, refreshment on the go, or fun with family and friends.

So with that as background, our segmentation starts with understanding who to target and with what brands; how we are going to connect with those consumers through marketing against important passions and occasions; ensuring our price package plans are grounded in occasion brand channel insights creating our OBPPC or occasion, brand, pack, channel price and strategy, and managing those OBPPC frameworks through a disciplined revenue growth management approach.

And finally, executing those plans in a segmented way in the outlet to ensure that we deliver and connect the right brand to the right consumers and shoppers to the right occasion in the right place with the right price package bundle and the right message. All of this is done with the goal to inspire purchase at point-of-sale and to increase the value which is generated with each transaction and ensuing occasion.

So let's dig a little deeper into the first part of our capability to segment and execute the consumer and the shopper. As you heard from both Katie and Brian, we start by sizing and segmenting the overall category opportunity. As we look at the categories, we break the category into a consumption occasion view which allows us to identify the highest value opportunities based on consumer and shopper needs and occasions by channel.

This analysis goes all the way down to the revenue level to maximize the value for our bottlers, our customers and our Company.

We apply this approach across both our sparkling and still businesses and you heard both from Katie and Brian how they are connecting with consumers in the marketplace. To illustrate on Coca-Cola, Katie is laser focused against winning with multicultural and family shoppers. This targeting came from the consumer and shopper segmentation analysis.

With this focus we are able to connect and market to the passions and occasions that are most important to these consumers. Whether it is marketing with the Olympics and American Idol, new package offerings like the 7.5 ounce multipack can, or expanded customer tie-ins in multicultural outlets with the Mexican National Team, FIFA World Cup, or as Katie mentioned, Ingrid Hoffmann, an Hispanic heritage chef that you will meet tonight and you'll see executed in the marketplace tomorrow.

We are reminding consumers why they love our brands and selling new consumption occasions every day.

This consumer and shopper segmentation leads us to clarity on our OBPPC or occasion, brand, pack, price and channel framework. As we have said, the key to our success is increasing occasions. Our OBPPC is the road map for each brand's distinct price and package offering in each channel to satisfy unique consumer and shopper needs.

Our OBPPC begins with the consumer and the shopper through the identification of consumption occasions. We must focus on key consumption occasions that meet consumer needs. So to illustrate, tempting a commuter at the gas pump with a delicious ice cold 16 ounce Coca-Cola contour bottle while he is on his way to work. We use deep insights to identify the consumer relevant occasions and we focus on where consumers enjoy our beverages, in this case on the go refreshment.

Our strong portfolio of brands provides us with the perfect beverage to meet every occasion. All of our brands have very specific job descriptions as you heard from Katie and Brian so creating that match is relatively easy for us.

The package architecture comes to life when we identify which package meets which occasion requirement. So two liter contour bottle, great example, the perfect package for me and my family of five for a lunch occasion.

On price, our wide range of occasion brand pack options are priced based on the value that that shopper is willing to pay for the value that is created. Some packages provide entry-level price points like our 16 ounce contour Coca-Cola bottle, while the aluminum Coca-Cola contour bottle is an upscale package with a higher price point providing a sophisticated on premise experience.

Finally, we target our occasion brand price pack bundle very precisely to each channel and each customer based on the consumers and shoppers that shop in the outlet.

So with the development of our OBPPC we have been able to focus on expanded assortment, price points and therefore more occasions. Before we had a robust OBPPC, package assortment was quite limited with participation against a very few package options and a very few occasions. Price points were common with very limited entry price points. In fact on sparkling in supermarkets in 2006, we sold 92% of our volume between the price of $0.01 to $0.025 per ounce.

Our point-of-sale and messaging was very loosely connected to the consumption occasion. This limited the overall value that we were creating. Today as Sandy mentioned, we are really only getting started. Our Coca-Cola friends in Latin America are 10 years into their journey on segmentation and OBPPC. We have borrowed this with pride and we are already seeing the benefits.

We have a more diversified occasion-based package lineup each with a specific role that meets a specific and important consumer occasion. We are now providing consumers with the opportunity to purchase our brands across a wide range of prices. We now deliver 90% of our sparkling volume in supermarkets across a price range of $0.015 an ounce to $0.065 an ounce.

Our messaging is now tightly connected to the consumption occasion and is clearly defined and communicated through in-store point-of-sale in the right outlet based on the segmentation work on the execution front.

Julie Francis - *The Coca-Cola Company - CCO, Coca-Cola Refreshments*

Now, I would like to share some examples of how the execution of our OBPPC is driving positive results in the marketplace and how it connects to our sparkling strategies to recruit, sustain and reframe.

A key heath to our brands is the recruitment of new users. Our entry-level immediate consumption package is an example of how we are driving new occasions with teens and women while also increasing retailers' dollars sales. We have added over 30 million transactions into the small store channel while also increasing our immediate consumption share.

An example of our sustaining strategy is the expansion of what we call our big bottle strategy. With the addition of the 1.25 liter, we recently did pilot markets and we focused on providing an affordable and consistently priced package to meet consumer needs while sustaining our 2 liter sales. The results are encouraging. The 1.25 liter sales are complementary to our 2 liter sales. It is driving category expansion growth and we have strong trial rates with repeat purchases well into the double digits.

As Katie mentioned earlier, we identified a reframing opportunity for our 7.5 ounce mini sleek can. This package was launched in 2009 to meet the growing number of consumers who are looking for the right portion size at the right occasion.

Over the past few months, we launched in six different market pilots a chance to test a new pricing strategy on this package to make it more accessible to consumers and our results have been strong growing total category dollar sales by over 17%. What I really want to stress to you today is that by having a clear OBPPC strategy, we are able to capture unique occasions with the right brand, the right price and the right package that fosters affordability and accessibility while also creating revenue growth.

Now let's talk about this newly created commercial organization. What is it and what role does it play in driving growth, creating one commercial system plan and building world-class capabilities?

So first, what is commercial leadership? It is where we build strategies to translate brand value into customer value and the role of commercial leadership is to lead the organization by translating brand category and marketing plans into channel and customer strategies across all geographies regardless of route to market.

We have category commercialization teams embedded on Katie and Brian and Alison's teams to ensure with them and work with them in the beginning that the plans that they are creating can come to life in outlet with excellence, with a segmentation strategy and a discipline and most importantly, continue to be locally market relevant.

The category commercialization teams deliver those plans to our channel strategy and region commercialization teams who convert those into clear and prioritized sales direct and. These teams are structured to bring to life the OBPPC by creating a segment (inaudible) success for outlets and by creating inspirational shopper messaging and point-of-sale.

Our commercial capability center of excellence teams are focused on building capabilities around category advisory services, shopper marketing, outlook presentation excellence and building capability for our sales and customer organizations.

I want to pause right there to really call out that this center of excellence and those teams work for the bottling system. This is not for CCR or CCNA. We support our entire bottler system in a partnership.

And lastly, I want to talk about the newly created organization, what we call planning and revenue growth management. This is the team that focuses on developing a single aligned system plant. We have centralized standardized processes to enable us to act with speed and discipline for our pricing strategies and planning decisions.

Let's go a little bit deeper into revenue growth management. The main objective of our revenue growth management organization is to create value for all who touch it. And we do this by taking a disciplined approach to segmented merchandising in our pricing strategies. Our revenue growth objectives are centered around the following principles.

First, it is about that long-term value creation. Teams work hard to maximize revenue and to earn price in the marketplace. There is a variety of factors that we take into consideration when these pricing strategies are being developed.

The second objective is to optimize revenue growth across channels by ensuring that we are optimizing packaging, optimizing pricing in a way that is logical and coherent. This enables growth across channels to drive both our customers' revenue and our revenue.

And our last revenue growth management objective is to maximize returns through tailoring our investment strategies. We do this by prioritizing spending opportunities through a robust segmentation methodology and post review analysis to ensure that every dollar we invest is productive.

Secondly, by focusing on our customer needs, we identify the highest leverage opportunities and the most effective promotions. And lastly, we create value for our consumers and our customers by executing the power of many, which are partnerships with our retailers own brands and other leading CPG manufacturers to deliver the kind of value and bundles our customers and shoppers are looking for.

Let's take a look at how our revenue growth management strategies play a critical role in executing our OBPPC. The images and text on the left side of this page shares with you how our big bottle pilot allowed us to test our ability to segment our 2 liter and our 1.25 liter packages based on consumer occasions, shopper and retailer roles.

The pilot was grounded in consumer insights around the right occasion, the right package size, the right pricing to ensure we are driving more transactions, sustaining households and delivering revenue for both the customer and for Coca-Cola while also providing consumers with an affordable entry-level price point.

The results have been impressive. We have grown occasions, we have expanded retailer margins and we have increased the retail per ounce. You can see on the right-hand side of the chart that we have been able to shift the demand curve outward. We are actually driving more big bottle volume at an improved price per ounce. So in the simplest way to say it, we are selling more for more.

These results that I've shared with you give us great confidence that we are on the right track with how we designed this new revenue growth management organization and that both our current and future pricing strategies will be executed with precision.

Segmented execution comes to life through our look of success. This is a critical component to our growth strategy in delivering our 2020 vision. Segmentation relies on deep shopper insights, consumer research and robust customer and channel plans. Segment -- we have been able -- segmentation with our selling and merchandising teams in three different ways.

First and foremost, we set clear direction that prioritizes all the different categories that we have -- that we compete in with the right opportunities at retail.

Secondly, we tailor our messaging, our point-of-sale, and our equipment an assortment based on each outlet's consumer and shopper needs. And lastly with the integration, we now commercialize and sell the entire portfolio to our customers which allows us the ability to truly, truly turn brand value into customer value.

We are excited to have many of you out in the trade tomorrow where you are going to see these strategies really come to life in a meaningful way.

Now let's talk about how the integration has enabled the acceleration of our joint initiatives throughout North America.

Alison Lewis - *The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America*

With the integration we now have a shared vision across our North America business. It begins with our Company's 2020 vision which transcends our North America roadmap for growth. Simply stated, as Steve indicated, our destination is to become the best brand sales and customer service system across North America.

Julie Francis - *The Coca-Cola Company - CCO, Coca-Cola Refreshments*

We are now reaping the benefits of having one integrated organization. We have improved speed in decision-making areas such as pricing and planning. We also have aligned goals across the North America business for the first time which drives one system commercial plan.

Alison Lewis - *The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America*

We are leveraging our capabilities in ways that truly transform and drive our business. We are applying deep insights into our category and marketing plans and our OBPPC architecture. Our in-store execution is improving as a result of our focus on the right execution daily or RED process and we built capabilities to transfer knowledge throughout our organization to sustain our growth for our customers, our bottlers, and our Company.

Julie Francis - *The Coca-Cola Company - CCO, Coca-Cola Refreshments*

With the benefit of our stronger internal alignment, we have been able to expand our focus and resources on our customers and their needs. We have also been able to be much more externally focused on our local marketplace segmentation opportunities and continue to be highly engaged with our community partners.

Alison Lewis - *The Coca-Cola Company - SVP, North American Marketing, Coca-Cola North America*

Having given you a perspective on how our marketing and commercial leadership organizations collaborate to build value from brand to shelf with capability to segment and execute, let us show you how we brought our 125 days of summer program to life from brand to shelf. We are going to show you a video and then we will turn over the presentation to Mel Landis, our partner and Chief Retail Sales officer. Thank you. Roll the video please.

(video playing)

Mel Landis - *The Coca-Cola Company - Chief Retail Sales Officer, Coca-Cola Refreshments*

Good afternoon. I am Mel Landis. I am the Chief Retail Sales Officer here at Coca-Cola Refreshments and I am really excited to share with you the things we are working on in national retail sales to continue to accelerate our momentum. And if you think about our organization, for us it is really simple. It is about our partners.

We strive to become our partners most valued supplier. And I don't mean that just across the beverage landscape. I mean we want to be their most valued partner. That means that we are bringing innovative ideas that consistently drive growth for their business ahead of their growth and when there is an opportunity or issue, we want to be that first phone call because we are that trusted partner.

And we are going to do that through three key ways. First, building world-class capabilities that drive customer value; second, leveraging one Coca-Cola voice as one system across the entire customer landscape; and then delivering best in class customer service every single day.

And as Steve and Sandy talk about, you heard them talk about kind of how we are going to accelerate momentum, right, and it is about building great brands, translating that brand value into customer value and then sustaining and repeating that over time. And we can create an advantaged operating model when we do that well as a total system, bringing the total system value against our customers.

And that is what we are focused on within national retail sales. We are that glue where we translate that brand value into customer value by building winning plans for us and our customers to drive profitable growth.

So let me show you how we are doing that within our new structure. And there is really four key things that are different and that we are focused on. The first one is we have significantly expanded the number of national customer teams.

We used to have what we call 12 total beverage teams. Today we have over 30 fully resourced integrated teams on the ground working with our largest customers and that is across all our channels from supers to mass, drug, club, value, convenience retail, specialty retail and our emerging business group. So national retail sales today accounts for 40% of CCR's total volume.

The second thing that we are really focused on is what we call one voice to the customer. This is a critical, critical change from how we used to be structured. We now represent every piece of the business regardless of distribution channel. So if you think about it in our old structure, there would be one person that may have been calling on the customer for the juice business, one person for the bottle can business, one person for the fountain business -- you could go -- go on with other divisions.

Today the customer knows they have one person to call if they want to talk about the Coca-Cola business. And we can bring all the resources to bear of the Coca-Cola system by providing one voice to our customers.

The third thing we are focused on is creating differentiating value and we are really focused on four key areas that we believe will allow us to drive consistent profitable growth for us and our customers.

And then the last thing is really a general management approach and again this is a structural change in how we structure the teams. Really before the teams were selling organizations. Today they are general managers that own the customer P&L and with that we allow ourselves to push decision-making and speed down at the customer level because they are empowered to make decisions.

Let me dig into three of those and give you a bit more detail and context as to how we are doing those.

As I said, the general management approach is really a critical change for us. Right? These people now own the business. The folks that are running our 30 customer teams own the P&L for each and every customer. They are 100% responsible and not only do they have customer business management which is really the traditional selling arm, but they have a full cross-functional team now and our expectations are we will manage the total of the customer relationship.

So not only now do we sell a new item in but we are responsible for how we get it there. We are responsible for ensuring where we place it on the shelf. We are responsible for ensuring that the shopper marketing and the programs are set up to pull it through. We are responsible for writing an integrated business plan across each and every customer that manages every aspect of that customer's business and is responsible for the P&L outcome for that customer and back to the system and CCR in aggregate.

The second big changes I talked about is this notion of one voice to the customer. This really means for us one voice that is executing one commercial plan. So that is not 70 bottlers executing 70 versions of a plan. That is one system operating as one voice executing one commercial plan.

And the reason this is so important is we are operating in a very complex market. Everybody knows this. I mean this is a postmodern market. There is tremendous complexity here. There is changing consumer landscapes, there is channel blurring, there is consolidation and centralization of customers and there are CPG companies outside of our business and that we compete with that are getting better and better every day.

If we can't show up as one integrated system leveraging the power of what this system does with the brand strength that we have, then we will not become our customers' most valued supplier. We have got to be one system executing one commercial plan with one voice against our customers.

And the other reason to do that well is we have a big business that we have to sell so we need to deliver not only the sparkling things that Katie talked about, but we have also got to deliver all the things that Brian talked about. And you can't execute the immediate consumption new strategy that Katie just showed you if we are not all executing 12.5 ounce at $0.89, 16 ounce at $1.19, 20 ounce at $1.59, with the right point-of-sale shelved the right way with the right brand lineup. It is not a strategy if we don't put it into the market and execute it to drive growth.

And so by operating as one system and leveraging everything we do as one voice will bring these strategies to life to drive profitable growth for us and our customers.

And with one voice, we will do that regardless of market. So our teams are now responsible for the juice business. It doesn't matter that that comes through a chill distributor. At the customer level, they want to talk about the Coca-Cola business. So our teams are now responsible regardless of route to market to deliver winning customer profitable plans for each and every one of our customers.

The third thing we are really focused on is creating differentiating value and you heard Julie talk about the centers of expertise, revenue growth, management, shopper, marketing, category advisory services. And then you heard Alison really talk about how we have got to take those though and create segmented execution that drives brand and customer value.

Well each one of those resources that are in the center of expertise and commercial also sit on each and every one of our customer teams and our job is to take those and integrate them together to create segmented OBPPCs and looks of success specific for every customer and in some cases every outlet that the customer has.

And it all starts with the consumer. We have got to understand the consumer, the shopper and the customer that we are dealing with. Who is shopping there? Where are their stores located? What are the occasions people are stopping in those stores for?

And then we sit with our planning and revenue growth management folks and we say given this landscape, customer, consumer, shopper, what are the right packs and prices and brands that ought to be in that store to maximize revenue and value and growth for us and the customer? And then we integrate into that the shopper messaging because it is great to put it there but if people don't know what it is, if there is not a compelling offer, if there is not a reason for the buyer to see that, connect with it and turn from a shopper into a buyer, then we have missed an opportunity.

By integrating all three of those together, we have a segmented OBPPC and look of success for every single customer that maximizes the value for us and the customer every day in every outlet. And then once we do that, if we want to be their most valued supplier, they have to know we are going to execute that with excellence.

And so that is when things like RED or right execution daily that Glen is going to talk about in a little bit come to market. When we know -- when the customer knows that okay, I am going to put this piece of equipment in and they know that our customer solutions organization is going to put that equipment in the store on the day we said it was going to go in and if it breaks, we are going to have a service tech there in X amount of time to have it fixed, then they have confidence and they want to do more with us because they know we will deliver and execute with excellence and precision in every single outlet and bring the OBPPC and the look of success to life.

And then finally, all that has got to end with great customer service. It has got to start by leveraging our DSD system. It is the most powerful system. We put people in every store -- hundreds of thousands of stores every single week. We can own the look of success like nobody else can. So our ability to get it and then execute it perfectly in every outlet is almost unparalleled.

And then we now as I said work across both our DSD system and warehouse. The selling teams are ambivalent. We go in a store, we own the portfolio and it is our job to bring it to life, segment it and execute it perfectly in every outlet.

And then again it is about trusted partners. When we show them the capability we are building around RED, the ability to capture how we are executing, where we are executing, what we are executing and we show them the capability we are building through our customer care and customer solutions organizations that bring supply chain capabilities and best practices from around the world, we are building trust that when we sell it we can execute it and actually bring it to life every day. And then we become our customers' most valued supplier.

And when we tie this all together, we have developed what we call our customer value proposition which fundamentally for us is this is what we promise to our customers. This is what they should expect from us and at the center of the wheel you will see four things. The first one is it is a unique solution. So we don't want to show up and just bring the same thing to every customer. They are all different. We have got to understand what they want and bring unique solutions.

And when we do that we are going to get three things. We are going to get delighted customers that view us as their most valued supplier and want to do more business with us. We are going to get business made easy. They are going to get business made easy. And that is they know that when we sign up we will execute it perfectly whether that is back shop things like the right payment and the right invoice, whether that is the equipment shows up on time or whether that is just we execute with precision and excellence in every outlet they know we will be there, they know they can count on us.

And if we do that, we deliver profitable growth. Profitable growth for us and profitable growth for our customers.

And each one of the capabilities you saw sits on the outside of that ring. And what we do is we decide which ones we need to do to deliver that at each customer and it is all different. But the model is the same. The promise in the bull's-eye is the same for each and every one of our customers.

Let me share one other example of kind of how we think about this model and how it works and we have got a model we call collaborating for value but basically what collaborating for value does is we sit with customers and we say what are your issues? Tell us what you are wrestling with.

In the particular case I am showing here we had a customer that was wrestling with top line sales growth but what they actually believed was the issue is they weren't executing well. They believed they had a top line sales growth number but it was because trucks weren't showing up on time and in full. Their back rooms were inefficient so products weren't getting out and onto the shelf. They needed more speed and flexibility in the way the supply chain worked and they thought the merchandising was wrong in each and every outlet and that was what was driving out of stocks and eventually driving sales down.

So what we do is we take that and we map it against the things that we know we do well. So for us then that becomes well, how do we do a better execution in store and develop a better look of success so we know actually from the start the right product is going in the right store? How do we reduce out of stocks by working with our customer care organization to think about how do we take their scanned data and write real-time orders potentially as opposed to taking it off history as an example?

How do we do more segmented executions so the right packs and the right store depending on the demographic and the shopper and who is in there? And then a better customer service model. We would tend to go out before and say the store does this much volume, it gets this many deliveries a week. Well that may not be right for the occasion, for the actual shopping pattern in that store.

How do we flex that? It may not be more service, it may be the right service that delivers the right outcome and that we create merchandising solutions. And when the customer says here is our issues and we develop real solves to each one of those, we deliver profitable growth consistently over time for us and for our customers.

So with that, I am going to introduce a video and I am going to share with you, it is from Walgreens and they are going to share a little bit about how they are experiencing us today. But I am going to love at the end, they are going to say hey, that is nice but we want more and you are going to see what they want more of. But let me run that video.

(video playing)

As I said I love that video because while it is nice that he is recognizing some of the things that we are doing better, what I love is at the end he says hey, that is nice but the bar just moved up again. Because the expectation goes up every year and just like Sandy and Steve shared, we are good but we are not great and we are certainly not our customers' most valued supplier. So we are pleased with some of the things we are doing but there is so much more we can do.

So I just want to share a couple of last things and then I'm going to turn it over to my friend, Chris Lowe.

In the end when we do all of this, this is really all about expanding our presence in every single outlet. So when we do this what we want to make sure we do is we take these insights and we create opportunities to interact with our consumers every single day. So whether that is creating unique display opportunities -- and you're going to see this in the market tomorrow, you are going to see the right display with the right message and the right brands and packs.

So whether that is a meal and snacking occasion, perfectly positioned in the store with the right package for that occasion, whether it is a form of portion control done with snacks so that we provide solutions for mom that maybe want a snack for their kids, or whether it is in a convenience store where you see the right IC pack tied into the right occasion creating a meal occasion for a shopper, we want to execute that perfectly and build relevance in each and every outlet.

And then we want to expand our beverage variety. So if we are going to act as one voice then we want to sell the total portfolio and it gives us a huge opportunity to expand things like Simply into small stores. We talked earlier -- I think Glen is going to talk as well about how we have been able to nearly double the number of stores we've got Simply in because we now have the organization focused on it.

And then last, we want to maximize every bit of space that the retailer gives us. So that means when we get a cooler door, it has got to have the right brands and the right packs shelved the right way, priced the right way to maximize the value of that door or we have wasted space that the customer and us could have used in a different way.

And so finally what I would say it is our role in advancing momentum is really sitting right between us and the customer. It is understanding what our customers want, what are their strategies, what are their goals, what do we need to deliver. It is critically understanding our commercial strategies, what are our objectives and is finding the links that bring that together in a way that is compelling for the consumer and the shopper shopping at that store and with that customer and then building a plan that drives mutual growth.

So we are happy we are making some progress but we are certainly not satisfied. We have so much more work to do. But the beauty is we are starting to see where we can go and the value that can get created when we do it and it just makes us hungry to get after that more.

So thank you for your time and I am going to turn it over to Chris Lowe, our President of On-Premise and Foodservice.

Chris Lowe - *The Coca-Cola Company - President, Foodservice and On-Premise, Coca-Cola Refreshments*

Good afternoon. It is great to be with you. I am going to spend a little bit of time talking about our foodservice operation. And the foodservice business is a little bit unique amongst all the channels that we have. It is a big business. It is strategically important to our overall business in North America.

It is a bit unique because our relationship with our customer is one of exclusive availability defined by multiyear contract. It is a large business. Today we pour beverages in over 450,000 of our customers' outlets. We serve our products in three out of four restaurants in general and four out of five restaurants in the US on a chain basis.

But beyond the profit and volume that that contributes to the business, it also has a very strategic role in North America because that broad footprint gives us over 125 million consumer interactions with our brands every single day. It allows us to bond our brands with one of the more important beverage occasions and that is with friends and food.

It allows us because it is popularity with teens to be a great attracter to build our relationship with younger audiences and it continues to allow us to build and refine our franchise over time.

Now fundamental to building this franchise, has been our go-to-market strategy and from the very beginning, we took a slightly different approach than others in the marketplace. And that was to be solely focused on value creation for our customers.

Within the foodservice industry, beverage sales are very important for foodservice operators. Let me give you an example. A quick service restaurant might generate 15% to 20% of their top line sales with beverages and as much as 25% to 30% of their bottom line sales as a result of their beverage sales. So beverages are extremely important to restaurant operators.

And our approach is to create a bundled value creating solution for them to maximize their beverages and it starts with a very intimate knowledge of every individual customer, what their positioning is in the marketplace, their concept, their operational needs and capabilities and from that, our beverage professionals put together a tailored bundle of the right brands, the right service configurations, the right equipment platforms, a flexible distribution model to ensure that they get provisioning on time and the way they need it to be and marketing programs that drive overall sales.

And when we put all that together, we maximize our customers sales and we are able to command a premium price in the marketplace.

So you can imagine that enhancing capabilities is absolutely critical to our business and with the creation of CCR, we believe that we have enhanced our capabilities in a number of areas.

Historically, the fountain department as we were known, was pretty much a package form driven business centering around post mix. But with the advent of CCR, our beverage professionals now have responsibility for all package forms in all brands. And using the OBPPC framework that you heard earlier today, we are able to look at the customer's business, look at their consumer profiles and create a structure of beverage offering that maximizes their potential, enhances their consumers' experience in the outlet and drives their overall sales in the marketplace.

Now another area that we see tremendous synergies and advantage as a result of the creation of CCR is in our vending operation. Today we have about 700,000 vending pieces of equipment in our system. We have about five million consumer interactions but historically our vending business was spread out across our system.

THOMSON REUTERS

Today we are bringing responsibility for the growth management of that to one place which allows us to really create synergy in things like technology, where we are exploring electronic wallets and cashless vendings, telephony and predictive ordering. It allows us to configure our organization to improve our service capability, improve our route efficiency and make sure that we have our equipment that is out in the marketplace with the right brands in the right locations and service with the right frequency.

Another area that we are really excited about I would say the Glen, Mel and I, is the ability to take our overall level of account management of. Again historically, our sales organizations were separated by the organizations in which they are in.

But today as you heard from Mel and from Julie, we are centering our sales capability around one sales technology collaborating for value. And that allows us as we collaborate together to take best practices from multiple segments of our marketplace that we serve to get best-in-class practices brought into the sales and account management capability.

But perhaps as important as that is the talent development capability that this organization provides because it allows us to begin thinking about rotating our sales and account people from the retail business to gaining experience with the deep relationships in foodservice to sales management in our retail sales field organization. So we see this as a huge opportunity as we go forward.

Now there are a couple of other areas I would like to touch on very briefly. One is as you can imagine a business that is defined by equipment dispensing and cold drink equipment, our service capability is of paramount importance and Michelle Guswiler's business is really taking huge strides in making it easier for us as we have all package forms going into outlets to be able to marry our service capabilities to be able to meet our customers' needs within their outlet given the package form and given the service configuration needs within that outlet.

Likewise, Brian Kelley is going to get up in a minute and talk about our supply chain. But as you can imagine as we move from just a post mix world to a package world, the ability for us to align our supply system in such a way that we can create flexible distribution that our customers can receive our brands in the form with the service frequency that they need, is going to be greatly enhanced as we create this synergy within the system.

So as you can see what we are doing in the foodservice business, it is really all about advancing our customer leadership, accelerating our brands and our packages and our capabilities and categories and improving our vending business all driven by a technological bent.

And I would be remiss if I didn't talk about our most exciting new technology and that is our Freestyle machine. This new dispensing platform that dispenses up to 125 brands uses highly concentrated ingredients and micro-dosing. Today we are in about 50 markets. By the end of the year the first of 2012, we will be in about 80 markets. And we are seeing very exciting consumer response to this and strong customer response. The customer results that we have seen today, overall customers are seeing increases in beverage sales up in the high single digits and they are seeing overall sales in the mid single digits which means that Freestyle has the capability to attract consumers to various food-service outlet.

Now I am going to take a minute and show you a video clip and what you is unique about this is this customer is Wingstop. And this video was produced by the customer to introduce this new technology to their system. Can we roll the video?

(video playing)

I think you can see the heart of our enthusiasm and at the heart of our customers' enthusiasm is the amazing consumer response that we have seen to this platform. But beyond just the consumers' desire to interact with this machine, one of the other things that we have found really interesting is when consumers interacted with Freestyle, the perception of our brands actually went up which is really pretty phenomenal.

Now any technology that is worth its salt is something that is going to be talked about and today we can see a tremendous amount of buzz on the Internet, 43,000 Facebook fans clamoring to know when they can get Freestyle in their local market.

Now one sort of unintended consequence of Freestyle that we are finding that is fascinating is with the Freestyle technology, we are getting deep and rich insight into what beverages consumers want to consume across the day because with the telephony and reporting that we get with the Freestyle platform we know what beverages are consumed really by minute of the day. And that has tremendous ramifications as we think about new beverages, new beverage designs, regionality of beverage preferences which allows us to really think about getting sharper with our OBPPC.

So finally, I hope as you look at the business you can see we have got a lot of momentum, a lot of excitement in our food service business. We have got a strong foundation. We are continuing to evolve and innovate and build on that business as we go forward.

But now I am going to ask my teammate Glen Walter, who is the Chief Customer Officer for the retail region to come up and join me on the podium. Thank you. Glen?

Glen Walter - *The Coca-Cola Company - Chief Region Sales Officer, Coca-Cola Refreshments*

Thank you, Chris. Good afternoon. I am going to spend a few minutes and just touch on three key topics, the role of the region sales organization, the go-to-market model we have been building over the last year and a lot of the enabling capabilities we have been investing in and then we are going to take a Coke break. I can see the gazed look of the Coke break needs (inaudible) out there so we are going to do that here in a few minutes. So stick with me.

Let's first start out with the role that we play in the region sales organization. I would like for you to really simply think of the region sales team as the execution arm of the business. So whether it be what you heard from Katie and Brian from a brand plan standpoint or what you just heard from Chris and Mel, the 20,000 men and women of the region sales organization are responsible for flawless execution across the entire portfolio in every outlet.

In addition, we are also responsible for collaboratively developing thousands of regional customer plans and implementing them across the country. And then when you speak about customers, you heard Julie mention the importance of one commercial plan. We have embedded franchise leadership organizations within each of our seven regions to work collaboratively with our 70-plus independent bottling partners to make sure that we show one commercial plan to all of our customers around the country.

And then lastly, we are responsible for delivering superior customer service. You heard that in both Chris and Mel's presentation. And one of the things we invested in a year ago as we see this exciting new expanded portfolio across a variety of categories and a variety of product lines is to increase the number of regions and to increase the number of market units to make sure that we address complexity and turn that into opportunity. We have got relatively smaller operating units that are close to our customers and consumers that help us drive flawless execution.

Now let's spend a few minutes on the go to market model that we are in the early stages of building over the past year. Like you have heard from other presenters, it starts with a very clear understanding of our future. It is rooted in our vision 2020 and our roadmap for growth and it has got four simple guiding principles we follow.

The first is to perpetuate a promise that we have held for 125 years. It is about the ubiquity of our brands and making sure that we are within arm's reach of desire from our consumers.

The second is something you are going to get a chance to see and learn about tomorrow and bringing to life inspirational moments for our consumers in each and every outlet aligned with the OBPPC. That drives flawless execution.

And lastly something that we feel is a true competitive advantage we are building is our culture of excellence and it has got three basic components. We hold ourselves and our teammates accountable to do the things we say we are going to do and to achieve our results in a sustainable way. We put the customer and the consumer at the heart of everything we do. And lastly, we embrace collaboration, diversity and we operate as one high-performing team.

Underneath that are three strategic pillars I will touch on. You heard a little bit about the look of success and how that translates the OBPPC into a roadmap of what each outlet should look like. So we will talk about that. About implementing our global best practice and our commercial zone around RED, right execution daily. And then lastly, about leveraging the full breadth and depth of our portfolio across a variety of routes to market.

And then lastly, I will chat about some of the investments we have been making over the last year and some of the enabling pillars that -- enabling capabilities that underpin those pillars.

So let's start out with the look of success. So you have heard some exciting news in the room today. We are going to get out in the marketplace tomorrow. And you should appropriately challenge how you get 20,000 men and women to bring to life the right OBPPC across hundreds of thousands of outlets. Well the look of success is exactly how we do that.

It allows us to deconstruct the elements of the OBPPC into segmented execution so that each and every one of our teammates know exactly what is expected of them by outlet to define flawless execution. And it also ensures that each and every one of our brands is in the best possible position to be purchased by one of our consumers.

You will also get a chance to see what RED stands for and what that is all about because once we do that, we need to a objectively evaluate how we are doing and RED is our scorecard. It is the core of our selling machine. We are able to deconstruct that look of success into a series of RED questions so we can objectively evaluate how we are doing in each outlet and where we have opportunities, we simply translate those things into RED action plans. It goes into the continuous loop you can see there and RED is all about doing the common things uncommonly well in every single outlet.

And lastly, we are building on our go-to-market capability. So you're going to see a handful of these tomorrow as you are out in the marketplace and the first one is very new to CCR and it is exciting. It is about building on our Simply juice portfolio. Mel mentioned it. We started out the year and said we were going to double our points of availability across the Simply brand and we are well on our way to our achieve that goal.

And you will see from our front-line associates that regardless of who takes the order or how the product gets there, they own that outlet. They own whether it be the messaging, but pricing, the positioning on the shelf flawless execution.

The second component would be something we are doing right here in Houston as a test with our customers to improve customer service. We have actually taken our traditional DSD merchandising team and we have applied their labor force across the entire portfolio in an outlet so we can sweat that asset and help bring a better service to the customer to close costly out of stocks.

Then finally is something that we are really excited about and we call it on-premise acceleration. For a year now we have invested tens of millions in hundreds of feet on the street to call on our on-premise and traditional trade channel. The on-premise is critical for our growth. It is where we grow our brands one serving at a time and create that enduring bond with our consumers.

And as we have looked at where our business stands today whether it be the business we call on from a direct standpoint or the business where Coke products are sold through wholesalers or third-party distributors, this expanded portfolio we now have in our arsenal has a huge opportunity.

But we are doubling down on our enthusiasm because as we look at the entire outlet universe, we know that there are hundreds of thousands of outlets in the US today that don't sell any Coca-Cola products whatsoever. By investing in feet on the street, it allows us to reach that untapped growth.

You are going to get a chance to see tomorrow an investment we have made again millions of dollars in the right tools and technology to arm our front-line salesforce with the equipment to be successful. Whether it is being more efficient and effective in the outlet or more effectively communicating the brand programs and bringing to life some of the ads you saw from Katie and Brian right into the outlet level, you will see what we are doing with our tablets and how that is linked to our global platform.

We also believe another key investment for our growth model is about talent and we are now approaching our fourth year in our university talent program. We feel we have got to have a robust pipeline of men and women who are the future leaders of the Coke system. They embody and exemplify the characteristics that tie to our culture of excellence and we want to make sure we have got a robust pipeline across the system every year. We bring them into the business, we allow them to have sales territories and learn our business from the ground up. They then get an opportunity to lead teams at an accelerated rate within our model and then can go off into brand or product supply or customers or a myriad of different careers within the system.

And then you have heard a lot about investing in capability. When we faced the brutal facts, we knew we needed to improve our sales capability in the region sales team. And starting earlier this year we invested millions in a dedicated sales capability team whether it is teaching or teammates on weekly basis about shopper or consumer insights or about our selling systems or about features and benefits in our brand, whatever allows us to convert that brand value into customer and consumer value, our dedicated sales capability organization is driving that each and every week.

So when you look at the overall structure of the region sales team, we feel we are investing for sustainable growth. Whether it is the capability team I just mentioned or whether it is investing in additional customer service capabilities or feet on the street which will continue to go after our traditional trade.

We are looking at international additional investments in technology and information. We have been able to standardize our routines around the region sales team and we talked about pushing on productivity. That has freed up over 3000 days of productivity in the region sales team for our leaders to spend time leading, teaching and coaching and executing in the marketplace.

And then lastly, one of the things I mentioned earlier was the importance of one aligned commercial plan, one Coke system to our customers we are going to continue to invest in a dedicated franchise leadership model that allows us to collaborate and build mutually agreeable plans with our bottling partners.

So I will go ahead and close with where I started back to our foundation. I hope what you have seen is a sense of optimism in our future but we have a very real kind of -- and I would say a healthy level of dissatisfaction with our results. Our team is very humble. They are very hungry but they are 100% confident that there has never ever been a better time to be a part of the Coca-Cola business in North America than today.

So I appreciate your time this afternoon. I am looking forward to being able to spend some time with you in the market tomorrow. And with that, I would like to now invite you to join us outside for a 15 minute Coca-Cola break. Thanks so much.

(Intermission)

Gary Fayard - *The Coca-Cola Company - EVP and CFO*

Please welcome Brian Kelley, Chief Product Supply Officer.

Brian Kelley - *The Coca-Cola Company - Chief Product Supply Officer, Coca-Cola Refreshments*

Good afternoon, everyone. I am going to wrap up the presentation portion of the afternoon before it goes into Q&A and I am going to talk about what we are doing in our product supply system to create a competitive advantage.

You have heard a lot today about building strong brands, creating commercial capability, making sure that we have the ability to bring it to our customers in an effective way. And I am going to talk about how do we create that capability to sustain it and repeat it from an executional standpoint with our assets, with all our products, with our processes.

And so we will go through in some detail what we are doing in the product supply system and the journey we are on to recreate a new product supply system since the integration curve.

If you look at one of the fundamental premises behind the integration, it was to combine activities and processes and assets from a number of entities and really do three things. First, we had to make sure that we could present one face to our customers and you heard Mel and Glen and Chris and a whole group and Julie talk about that.

The second thing we had to do is we had to make sure we could leverage scale and we had scale at CCNA, we had scale at CCE, and we had scale in the BIG in Philadelphia Bottler that we had to bring together.

And finally, we knew because our customers told us that we had to integrate the thought and the action of how we bring our processes to the customer and how we deliver productivity for ourselves as well as for our customer and how we improve service.

And so creating competitive advantage in our product supply system is really all about making sure we can deliver great customer service, in fact not just great, we had to elevate our expectations on customer service and we will go into that. We had to make sure we could deliver the synergies and the cost reductions that we knew where inherent in the activity to we did with the integration. And we also had to make sure that we could deliver world-class quality, safety and sustainability.

And so we are going to go through all of those but we really had six priorities as we pulled this product supply system together. And think of it, we had 22 distinct owners of a product supply system that couldn't have possibly been integrated with different economic owners. And what we are able to do first and foremost is build it for growth.

You heard a lot of talk today about building a segmented OBPPC. Well you have to have a product supply system that can deliver that and that means deliver more SKUs. Today we have 2000. Soon we will have double that. We look out 10 years and say by 2020, we will likely have 4000 SKUs. How do you have a product supply system that can deliver that and deliver it with the service and with the efficiency that we need?

We had to integrate the manufacturing facilities, the logistics, the planning across the entire US and I will show you what we are doing and how we are in the process of doing that.

We had to make sure we set excellence and standards in every market across our over 600 facilities in the US and we will talk about how we looked at that integrated set of facilities and how do we bring excellence every day in each market within each facility to each customer?

We also talked then about how do we create a culture where we have best practices where we can share across the organization that which is occurring in one place but not known or occurring everywhere. We will go through that a little bit. Fundamentally we had to have common systems and metrics which we did not have. Obviously when you have economic ownership, it is different. You have different metrics, different financials, different processes. And so we had to pull all that together.

And then finally, we had to have the best talent. We have to have the best people and the capability of continually developing the best people. And so that is what we tried to create when we integrated this into a product supply system that we now have as a CCR product supply system.

Let me do a little definition first. There is really four components, four operating components to our product supply system. The first component is our manufacturing capability. We own 78 plants, there are two times that number if you consider our copackers, other bottlers in the system that we have to work with and integrate as well. Although that is not in the economic ownership.

We have six manufacturing processes, more than 290 lines but we also then have the field operations piece. That from the sales center which we now call distribution centers out where we have 416 of them. Again, you add in the other bottlers and we have over 600 where we deliver over five billion cases, 22 million deliveries each year.

And so it is a large organization then that has to be planned. We have those 2000 SKUs I mentioned across seven product categories, lots of inbound raw material, lots of management that we have to do to make sure that we can capably plan and sustainably deliver every day for our customers.

And then finally, we have a $13 billion buy for our system. We have the recycling business and we will talk a little bit about what we are doing in sustainability with recycling. And bringing it all together so that our bottlers can participate with us in our system with what we call our Coca-Cola Bottler Sales and Service Group, CCBSS.

So that product supply system is a large team and it has been integrated where we have 35,000 teammates across the US where we can deliver and now have to deliver in a seamless a simultaneous way sustainably in a consistent manner for all of our customers.

And I am going to talk about three cultural mandates, three things that we knew we had to do in order to improve our ability to do it the same way, the one Coca-Cola way every time. We are going to talk about the power of standardization. We are going to talk about the genius of "And" and you have heard a lot about that and we will talk about how it applies to our product supply system.

And we are going to talk about a zero defect mentality, how we elevate our expectations everywhere.

Now, to become a competitively advantaged product supply system, we knew that we had to forge all of the physical assets, the processes, the products together to get the kind of return we knew we could get from these assets and with our customers in these processes. But we knew we had to change the way we think. We had to change the way we lead, change the way we act, change the way we execute because we didn't execute as one holistic system. And that is the change that we are in the process of delivering and we are doing it with three cultural mandates.

The first and perhaps the most important one and we talk about it every day, in fact the slides I am showing you are the slides we share every day across our organization. It is the same slides -- the power of standardization. The power of standardization is all about defining the one Coca-Cola way to make sure that we have standard operating procedures, that we have common metrics, that we have common processes and similar financials everywhere we deliver in every facility every day.

The whole idea of standardization is to reduce variation. Our customers experience our variation and it is what dissatisfies them. Once we reduce variation, then we can make improvement. It is very hard when every facility is doing something differently in a different way to make improvement. The whole idea is standardize and then everybody can move and you can much more easily share best practices.

Let me give you an example. I mentioned we have over 400 warehouses and those warehouses while they are in different markets, most of them do almost identically the same thing. We have to receive, we have to load and stack, we have to stage, we have to deliver to our customers every day in these warehouses and we didn't have common processes across all of them. But we know there is 97 processes in our warehouse and we are in the process across all 400 plus of them standardizing those processes and make sure that we have common metrics, consistent metrics, we can now measure every warehouse we do every day, we can see where they stand versus one another. And we can continually improve the process of delivering for our customers every day from our warehouse.

We know that when we do it well there is $20 million of savings alone annually just in this process here in the warehouse.

The power of standardization we talk a lot about but what we have learned as we have gotten into this is the power is actually what we call now the network effect. And here is what we mean. Often when you talk to a group in a facility it is hard for them to see the power of what they do when they make a 1% improvement.

And so we talk a lot about the network effect. A 1% improvement in your manufacturing cost at your plant -- if everybody does it, when we standardize, it is worth $20 million to us.

A 1% improvement in fuel usage. Every time we do it with every fleet shop across the 400 facilities, every time we improve 1%, your contribution is $2 million. We have a $2 million improvement every time. We make a 1% improvement.

When we do water usage and we tell every facility how do we get from 1.7 to 1.6 in terms of liters per water used that we use for every beverage, we know that every time we reduce 1% of water, we reduce 300 million liters of water. That is Atlanta's water for one week.

And so that is a 1% improvement and that is what we call the power of the network effect and what it does is it links everybody individually to the power of this very large, very now integrated in the process of being integrated network.

So the first one is about standardization, it is about reducing variation. This next one, a zero defect mentality is all about taking that reduced variation and then shifting the mean, improving it.

And here is where we had to really increase everyone's expectations. Zero defects is what we want. You don't get there overnight but if we don't have a vision for zero defects, we never get there. We don't mean one out of 100, we don't mean one out of a million. We mean a zero defect mentality. Our brands deserve it, our customers deserve it and we have to deliver it and we have to deliver it as Sandy and Steve said at the start, in a sustainable way and a repeatable way.

And it takes setting new benchmarks, engaging every single employee and every associate in the act of improving and getting to zero defects.

Now one of the terrific things we find is that somewhere in our system in every metric we have, we have world class. In fact just yesterday -- we measure warehouse out of stocks every day. We measure it every day for every facility. Yesterday we had a facility, in fact we had an entire market unit of eight warehouses achieve 0% out of stock. Zero. Eight of our 415 facilities were able to do it in Pittsburgh, the Pittsburgh MU. Every facility needs to be able to do it.

The whole idea is how do you get everybody thinking about it. Well it is much easier to think about it when you have a group already doing it and can deliver 0%. Now there is no way they deliver it every day at zero but they will and that is the mindset.

And so the whole idea is a zero defect mentality to make sure we are improving every day.

Finally, and here in the product supply system we love this concept of the genius of "And". Now it probably wouldn't be as well received in the plants and in the warehouses if we used the video and tape but I will tell you, it is equally as effective when we go in and we talk about this.

Because virtually all of us can do one thing well. When we say reduce costs, we can reduce costs. We tell people improve customer service, we can improve customer service. The genius really comes in being able to do both and do both well. And so for every synergy target we have, we couple it with a customer service target.

For every sustainability target we have, we couple it with a customer service or a cost-reduction target. The idea of be lean and green, introduce new items and reduce breakage damage and loss. Achieve the synergy targets and improve customer service. Great product supply systems do this and that is what our system is in the process of doing.

Now we have got a long way to go and as you have heard from everybody on the team thus far, we have an appropriate amount of modesty to say we are not there yet. We have got a long way to go but we are making progress. And so that is how we talk and think about the genius of "And".

So how are we doing? Is it making a difference yet? And so we are going to show you in the key metrics we look at in the product supply system how well we are making progress. And we are not satisfied yet but here are some of the key metrics.

We measure on time in full. This is what percent of the time do we deliver a perfect order? So just to clarify this, if a customer orders 1000 cases and we deliver 999 of them on time and in full but we missed one, it is a zero. So this is saying, what percent of our on time -- of our customers' orders are on time in full. And you could see the blue line was last year. We began the integration and you can see from January 1 which is what this is tracking, you can see we have made improvement. We have made nine points of improvement from about 75% up to a little more than 76% today.

76% is not something yet we are pleased with. We have got a long way to go to do even more for on time in full percent but is much better than where we were.

Also you will notice in that red line that it is in control. It is much more in control instead of having all the variation. It goes the same with warehouse out-of-stocks. We track out-of-stocks as I mentioned every day in every facility. We have had a 45% reduction in out of stocks since the beginning of January, since we pulled this together and began integrating. And we have been able to do the out-of-stock reduction and you will see soon without any impact on quality, without any impact on cost as we have continued to deliver our synergy savings.

And so here on warehouse out-of-stock again you can see the red line is this year versus the blue line last year and you'll see us continue to improve this.

Now, what does it mean for a customer and so we thought we would bring an example, an exact example of specifically how this all comes together to make a customer's satisfaction with us much, much better.

So this is an example of a national foodservice and on-premise customer, a large one, and it is tracking from January -- we have the results January through June here on these charts that we will show you. And we sat down with the customer and we sat down with Chris Lowe because the customer came to us and they weren't satisfied with our service.

And so we collectively set on the left-hand side our on-time performance scores and they said you need to be at 98%. We committed on March 1 to be at 98%. You can see we have been plus 99% since the start and it has continued to be in that range in June.

On the right-hand side you see the fill rate performance and we continue to be above 99% to their specification of 98.5%. What is important is what we learned as we did this because often running a DSD system, you think about minimum case drops and you think about the cost of doing those minimum case drops. And so we began to look at what actually happened if we let the customer simply order what they want, tell us when they want it and we meet it. And we have an expectation that we are going to meet it regardless of what its impact is on us because we actually learned that the impact is much less than we thought from a cost standpoint. So here is the actual numbers.

Basically in 2010 you can see the red bars are the average order size and those order sizes kept growing as we are delivering bottle can to this customer. And you can see in 2011 the gray bars, those started to go down pretty quickly as the customer got confidence as we are increasing our frequency of delivery and so on the right-hand side you see average days between delivery.

What is amazing is that for a very, very small operational change we made, we have dramatic improvement in our customer satisfaction and we have a customer that is growing 3%. And so a very small cost that we spent, we are out there, we are servicing everywhere, we have already got the truck, we have got the fixed cost, we are delivering. It is another stop, instead of having nine days between orders, it is having 8.2 days between orders, between deliveries.

What that means is a dramatic improvement in customer satisfaction, a minor cost to us and a terrific example of the genius of "And" when we bring all of this directly to a customer and improve their satisfaction. And that is what this is all about. That is why we did it and this is a terrific example of why and how it can actually work.

Now from a quality standpoint we have been able to accomplish somewhat the same although some of these don't change as quickly. You can see our quality performance since 2004 and this is measuring our complaints per million for every one million bottles consumed, how many complaints do we get from the consumer.

And you can see we have reduced it by 20%. And we have reduced it by 20% by focus on very, very small items across a wide variety, it is incremental, incremental improvement in every single brand in every single area. And this is a combination of effort across everybody you have seen today, everybody from the brand teams who are working on packaging and working on product to reduce this. It is about the customer service team and the sales teams making sure we all understand what we do to impact our quality.

And so we are making progress in quality but it is not enough. We have very high expectations. And you can see by the chart here where we are in the range of 2.5, we think we can get a point out of that over time and it takes a long time. This is a journey that we are on. This is not something that happens in a month or two.

Sustainability. We have made progress in sustainability and we continue to have high expectations for what we want to deliver in sustainability. We have two goals from a water standpoint. First and foremost, we want to replenish 100% of the water used in our products by 2020. Now to give you an example, last year we replenished 3.2 billion liters. 3.2 billion liters sounds like a lot, it is roughly less than 15% of the total water we use so we have a long way to go as most companies do to get this to perfection. But we know what it is we have to do to make the improvement here.

It is the same with our water use ratio in our plants. We measure how many waters in to create one liter, how many liters of water in to create one liter of consumable beverage and we have shared publicly that we are at about 1.72 exactly here in North America. We actually lead here in North America, the Coke system. We have an efficient means of using less water but we know we can get better and our goal is to be below 1.7.

It is the same with the recycling process on packaging whether we look at aluminum or we look at PET. Both of those operations if you think about recycling have three components. It is the process of collecting, retrieving the used cans, the used bottles, converting them so that they can be reused again and then getting them back into some usable and renewable resource whether it is a new bottle or it is a T-shirt or a park bench or carpet, it is putting it back to good use. And so it is a loop that make sure we can collect, can convert and can recycle.

And we are learning where we add value and where we have the most leverage as Coca-Cola certainly is on the collection side. And so you are seeing us drive up our ability to collect more of these used beverage cans and PET cans.

We also want all of our plastic bottles, all of our PET bottles to have some component, some element of recycled content in it -- bio content in it and that is PlantBottle, what we call PlantBottle by 2020. That is another goal that we have set out.

Now, I think everybody knows of some of the challenges that we have with vendors and coolers. They all have compressors which all use refrigerants and those refrigerants, the single most harmful is HFC, the hydrofluorocarbons that is in there. It is very damaging to the environment and so we have committed to be by 2012 50% of all our new purchases will be HFC-free. We will be using CO2 as a refrigerant and there are many solutions and our entire industry and supply base here has to help us and work with us to get this improved.

You are going to be able to see the cooler there in the middle that you see on slide -- when we get out and see the trade show, you will be able to see one of these coolers and exactly what it can do in reducing emissions. It is also very affordable. It is one of the things we had to consider as we designed all the new coolers.

Now there are some other things that we are doing on the sustainability front that are actually really exciting. We have fuel cells now up and operational in six of our facilities and basically what they are able to do is give us one-third less expense on the fuel side. And so if we look at energy, this provides for instance off-grid, cheap, clean energy for us in a state like California that is challenged; in a state like New York, both of which give us financial benefit for putting them in.

And so we are using UTC and Bloom Energy fuel cells. We are using them not only to power our plants and our offices -- and by the way these in some cases can reduce the use on the grid by 30%. That is what we are seeing in California up to 30% reduction which is very helpful for many of these metropolitan areas.

We are also using these in forklifts. We are testing out in California as well these same fuel cells to apply to fuel cells -- the same to apply to forklifts, the same mentality. It is not the exact same product.

Fleet, I mentioned we have 750 alternative fuel vehicles, mostly hydro vehicles. We have some -- a handful of all electric vehicles. It is actually the largest fleet of alternative fuel vehicles in North America. We learned yesterday that we are the second largest in the world. There is a company in China that has 100 more than we do but we are very committed to this.

It is also a terrific billboard for our brands as we drive around New York City, as we drive around LA in all electric vehicles or in hydro vehicles like this. It is a terrific advantage for us.

Now we have to deliver all that service improvement and sustainability and safety but we also have to deliver the synergy plans that we have committed and that we did as part of this integration that we knew were certainly benefits from the integration. And so we approach it in a very rigorous way.

We have 14 synergy campaigns that we look at and review each week. We have hundreds and hundreds of projects going on across all of these. We have mentioned many times we have a $350 million annualized target by 2014 as a result of the integration. We will generate $140 million to $150 million this year in 2011. Anything we do above that is certainly there to help us offset commodity costs that I think everybody knows are rising.

And so as we look at infrastructure, we look at manufacturing, we'll look at some of the other things that we are focused on. We thought it might be interesting to spend a little time to talk about infrastructure and how it actually relates to our planning and how it relates to the integration that we have laid out.

Infrastructure is actually quite interesting because some of you have maybe seen this map. This is the current Coca-Cola product supply system infrastructure. And so with over 700 facilities, it is fairly easy for all of us to say that you wouldn't build this exactly today if you started today. We all know that and like many companies, we certainly wouldn't build what we have today after 125 years in business.

And I know because a couple of you have mentioned that Gary has mentioned over time that we have a lot of facilities in some places. It is true. We have 18 facilities in Southern California, 18 facilities in Southern California including plants, including distribution centers and including offices. And that goes for New York and Chicago and all large metropolitan areas as we have organically built this terrific system.

But we know that this infrastructure has waste in it and this infrastructure can better serve customers if we think ahead 10 years and say what should it look like? How will it have to deliver our products and our processes in a way that is new?

And so we have gone about a very, very thorough analytical process to define what is our infrastructure of the future and what does it need to look like. And I will explain what we have done.

Basically we have taken the current state and we have looked at this entire infrastructure and we have said what is its cost, what is its capability, what is its utilization, what are the assets employed? And we have said then what will it look like over the next 10 years?

And so we went through a process. We started with the U.S. Census from 2010. We plotted out the U.S. Census and population growth by ethnicity and demography and laid it out through 2020 with all the help and all the work of some of the real pros that we had here at Coke who can really plot and predict what population growth will be.

We then applied that to what beverage consumption will be because as demographics change and ethnicity changes, we know that our product consumption changes with it. Now here is what was really unique and we think very, very helpful about this. We have actually done this by in three by three mile plots across the US, so we have taken the United States and we have broken it down into 34,000, three by three mile plots. And we can lay out from 2010 to 2020 what happens to consumption, what happens to population.

And then in those same three by three mile plots, we lay out what are our assets, how many fleet do we have? What trucks do we have? What distribution capabilities do we have? What is the miles to deliver the product from the plant? Where do we need to produce?

And so when you lay all that out, you can predict what is your infrastructure, and what does it need to look like by 2020 or 2025? And then compare it to where you are today and build a plan to get there. And we have done that work and we are in the process very early obviously of beginning to re look at and reshape the infrastructure for the future.

But let me give you a look a little more in depth right here in Houston. We took the city of Houston and we break it into three by three mile plots and we are able to look at the consumption plots and therefore the population and consumption plots and then what are our needs here in Houston as we design the future infrastructure, everything from our plants all the way to our logistics and fleet and what kind of fleet will we need to deliver this?

And so that is how we have developed an infrastructure plan for the future and we are well along the way to thinking that through and beginning to execute.

So that gives you a little more insight into the infrastructure planning we have done. We have got a lot of work to do. We are at the very beginning of this but it is exciting because we can lay out what we think is the infrastructure we need for the future.

But it all comes down to what we think of as operational excellence. We need a culture. We need a culture that thinks about standardization, about the genius of "And" and about a zero defect mentality and that is what we are doing. We define operational excellence as getting and engaging every single associate across our organization in continual improvement and making sure each of them understands how they individually impact all of the measures that we have talked about and the metrics that they get and see every day. And that is really what operational excellence is.

And we have a very thorough process for being able to show how do we identify those opportunities. We have a steering committee on which Steve and Sandy and Gary sit that we report out to to be able to show the progress on the infrastructure as well as the synergy as well as delivering customer service. And so we are able to make sure that we are on the way to deliver 2020 from a product supply system.

So that is the product supply system. We know it is all about standardization. It is about the genius of "And" and it is about making sure we elevate our expectations everywhere. We know we can be better and we will.

And so with that, thanks for the time and attention. We will now ask Steve and Sandy, Jackson and Gary to come up and begin the Q&A. Thank you.

QUESTIONS AND ANSWERS

Gary Fayard - *The Coca-Cola Company - EVP and CFO*

I hope the last few hours have been informative. What I would tell you is that I personally and I think speaking for the Company, are very, very proud of what we have been able to accomplish, the leadership team that we have got in North America now and where we are going. We have got a long way to go but again for all of those, the leadership team for at Steve and Sandy thanks again for everything you have told us today.

Now we have got about 45 minutes or so. We thought we would just be open for Q&A. Now there aren't a lot of rules to this Q&A other than as follows. For years I have met with every person in this room and I have reminded you that North America is only 20% or 25% of the Company and don't you want to talk about the rest of the world. And you would all without exception spend at least 80% of the time wanting to talk about North America. So I expect us to follow the same rules today. Okay.

But at the break, I just thought I would throw out some topics that you might want to -- you might be interested in because at the break, I will tell you what I was being asked that I did not answer. Because I wanted to answer it -- all of us answer it for everyone here for all of your benefit, what are you seeing with the consumer in today's environment?

Well that small pack is interesting but is it cannibalizing -- tell me about what does that do to transactions, gross profit throws? Well with the consumer sentiment, do you need to retested again, Steve? Interest rates, exchange rates, commodities, tax. There are lots of things on your mind. It is obviously a really tough world out there. I can tell you to start off the discussion, I would rather be standing where I am in this environment than anywhere else because it's a tough world but we are at a pretty good place within that. So let's go to Q&A and they are ready.

Yes and the other thing I would remind you, this is being webcast so we need you to speak into the microphone so that it will go out so everyone can hear the question.

Unidentified Audience Member

Okay, my question is about one of your charts on demographics and sparkling beverages and the consumption in the US is lower for the younger age groups than for older age groups. And I am wondering to what extent have your share gains so far over the last two to three years been boosting that younger demographic as opposed to the older ones?

And then can you tell us anything about what you expect that line to look like in 2020? Will that younger age group be up in line at that point with the older age group? I mean is that the real opportunity for your growth?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

That is a very insightful question. I will give you three headlines, the US versus the rest of the world. US versus the rest of the world 10 years ago did not do as good a job at recruiting young people into the brands. Our packaging and everyone in the room knows it. This is industrywide not just Coke was generic marketing was fairly boring and the packages were too big. And so we were focused on trying to deliver Nielsen results every month and that led to commoditization of brands and poor recruitment. That hurt the front-end of that curve.

The second thing is the strength. We have a very good diets and lights portfolio here that is unique. In 1981, 1% of Coca-Cola trademark was diets and lights. 2011, Katie I think it is 42% -- 42.4% and that is elevating the adult side of our curve versus the future.

As you look ahead to 2020, I think it is safe to say that we want to see that lower end increased. We want to maintain and build and extend the strength of the adult curve and we hope to lift the whole thing through reframe and that is what Katie's three-part recruit, extend and reframe is all about.

I would think the biggest percentage delta would be the front end of the curve but remember that those consumers get older. And one of the nicest things about this business if you do your job today is that you get to earn that business over a lifetime. And so part of the reason why you saw so much energy from the brands about recruitment is that well recruited consumers ultimately particularly when you use devices like My Coke Rewards which keep them in your portfolio when they are shifting categories become a customer for life.

And so the leverage in the whole model is the early part of the recruitment but we are not wanting to push down the middle and the end. So you will see the most change there but hopefully, you will see the tail elevate and the whole thing step up.

Unidentified Audience Member

(Inaudible - microphone inaccessible).

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

I think -- Katie, you can help me with this but I would say the biggest part of our share improvement has been youth recruitment but Coke Zero is a young adult brand. We have got it very, very surgically positioned away from Diet Coke so that when you look at the penetration numbers of Coke Zero and Diet Coke, there is only about 20% overlap and Coke Zero therefore has been very incremental for us. I mean Katie, do you want to comment some?

Katie Bayne - *The Coca-Cola Company - President and GM, Sparkling Beverages Coca-Cola North America*

Yes, I think finding the voice again for the brands of the Coke trademark, a new youthful voice for Coke, the innovation of Coke Zero which has been category innovation, bringing younger male users who really want a full Coke taste and zero calories and then combining that with the new execution pressure across our immediate consumption channels and our foodservice channel, those three combined have indeed gained share against that lower age group part of the per cap curve. But we are also seeing gains in that older age group as more and more Americans as they age are looking for sparkling solutions too.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

So percent increase, yes, probably weighted to the younger end but where are all the cases are, we have been getting pretty balanced share growth across the portfolio.

Unidentified Audience Member

So all of this sounds very enticing but what does it all amount to is the question? So what can we expect in terms of growth in North America for you guys? And I say that in the context of I think it was Steve who said 0.5 point to 1.5 of volume growth. Of course, no mention of price mix there. I would love to get a little more detail there as well as a mention you made I think of '06 to '10, about 2% growth in sparkling.

So how should we think all of this, all these great efforts you are putting together, all this great investment you are putting into the marketplace, what does that amount to from a stills growth perspective all in and a sparkling growth perspective all in as you go forward in North America?

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

You know we have said time and again that we believe -- I think the important headline is we believe that North America is a growth market. So if you look at NARTD and we believe it can grow at 0.5% to 1.5% over time, we would expect to be the drivers of that growth. So we are not going to predict what our volume growth will be over time but we plan on being one of the drivers of that growth and therefore we would expect to perform better than that.

In terms of our revenue, you know we will continue and you saw in all the examples a very consumer centric approach. But the positive benefit that accrues that to the company is not only better brand marketing, better targeting, better recruitment and all those things, it is also a profitable strategy. Because when we segment the right way and when we go through all these different offers, we allow ourselves to capture more value per transaction.

And so we think about value per transaction, value per occasion, value over time for each and every one of these consumers that Sandy said when we recruit them and we keep them, they are extraordinarily valuable over time. So we would expect our revenue and mix to continue to improve and our volume performance to again outpace the industry and I think you can probably back into some fairly predictable types of conclusions of what our expectations might be over time.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

And then Steve, wouldn't you say beyond that that against our productivity profile, that we'd expect to leverage our expenses as well creating a healthy growth picture at the bottom line.

Unidentified Audience Member

Realizing that it is not completely apples-to-apples comparison but if we looked at your North America operating profit and compare that against Pepsi's, it looks like you are still about $500 million or so below the profit that we are seeing from Pepsi's numbers. So I am just wondering how do you close that gap? What are some of the drivers in terms of what the benchmarking will tell you why the differences are to begin with? How do you close the gap? Is it a function of you coming up or do you think the competitors will come down?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Well, we strenuously avoid talking too much about our competition largely because we find that the value for the company, consumers and customers comes from getting better ourselves. But if you did a comparison of the beverage profitability of the two systems, I think you go pick the number where you think it was five years ago; we think it is about half as big today. The biggest drivers of it were convenience store blue-collar performance, particularly Mountain Dew which is a very strong brand in Pepsi's system and then the Gatorade acquisition.

Our strategy which is about creating value for our shareowners and for our customers and consumers is all about growing our core brands and our iconic brands, winning the growth picture on the way to most valuable in the still categories and building capability. And I am not saying that to just hit messages. That is how we have achieved the relative profit shift that we have over the past few years is we have just worked really hard at doing that well.

And so as you look ahead, you can take that down to tactics. The 16 ounce, $0.99 immediate consumption Coke has been a really strong part of our convenience store attack plan. The expansion of packages in foodservice is an enormous part of that. Vitamin Water was an important acquisition but it wasn't the driver of that hydration share gain at least the acquired volume wasn't. It is what we have done with it since we got it that multiplied in and POWERADE combined has helped really cut into that active hydration gap. And then finally juice has been enormous for us.

But in the end, we are not achieving those gains by thinking about anything other than being better and better and better at what we are trying to do. And over time to the extent that we can maintain the momentum in sparkling, continue the really exciting progress in juice and in active hydration and then as Brian talked about, pick up tea and energy -- and we have got some exciting things happening in tea particularly with Gold Peak -- we think we are going to be competitive. But we have got to keep executing well and we are a long way from [bright].

Unidentified Audience Member

First, I just wanted to clarify the comment about leveraging expenses. Is this in the next couple of years -- and what I mean by that is above and beyond synergies and above and past all the commodity swings, do you actually see a sustainable formula for that?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

The answer is clearly yes. I mean we are well on our track this year to achieve our synergy target of $140 million to $150 million, well on track for the $350 million by 2014.

But on top of all that, we are also leveraging a whole lot of productivity initiatives, one of which is what we call ownership cost management which is a program that we started in CCE and we have in Coca-Cola Refreshments and Coca-Cola North America which is a productivity program where when done extremely well, you can look at your controllable expenses and world classes if you can grow those controllable expenses at half the rate of inflation.

Brian talked about a number of productivity initiatives that many of them are part of the synergy targets but they will live long afterwards in what we call continuous improvement initiatives. And we have got an awful lot of to go after there because again, when he showed you that map, there is -- as he said, you wouldn't start from scratch there. So we are going to have productivity programs well into the future as far as I can see.

Now we are also going to have investment programs well into the future as far as I can see. But what the beauty of it is, we have so much productivity that we see in front of us that things like Glen talked about and Mel talked about in terms of feet on the street and customer capability and so forth, we have fuel for that. So we will have leverage but then that leverage will create choices for us in terms of how we reinvest to continue to build capability and how we think about the type of operating income that we want to create and the value that we want to create in North America.

Unidentified Audience Member

I had just a quick question for Katie probably on the cola segment. If we are looking at NARTD as a 0.5% to 1.5% growth rate, can you frame the cola segment of that in that context? Give a little history and a little forward looking?

Katie Bayne - *The Coca-Cola Company - President and GM, Sparkling Beverages Coca-Cola North America*

I don't have the math in front of me right now but by far and away as you know, colas are the biggest section of the NARTD business. We believe they will remain so and the growth trajectory on Zero as well as the work we are seeing in Coca-Cola connecting again in different sizes and different packages with more people drinking more frequently as well as Diet Coke now showing signs of growth, we see upside in colas and in Coke trademark specifically. But I don't have the breakdown for you right now between the 0.5% to 1.5%.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

One pile on I give you is that you can think of a brand growth model as you have got population which is the performance of the broadest possible definition of the target, then the penetration within that population, the frequency and the amount. We are significantly downsizing packaging. You saw it all day.

And the reason is because and it gets to one of the things that Gary brought up, it's the state of the consumer. The consumer is operating in three or four big prisms, health and wellness, value, sustainability and in the United States, hyper multiculturalism. And for us, refreshment then is not about gluttony. The way we are going to succeed today is to give people cool packages that allow them to make good choices. And we went to an incidence model copying our Latin Americans where the way we get paid by our bottlers is a percent of revenue so we are not addicted to supersizing to drive our model. We are in the refreshment business.

And so you are going to see a little bit of a drag in the amount per serving when you look at unit cases. But what you want to see from us to be able to believe is that penetration and frequency is robust. And the reality is the net number of consumers that are buying Coca-Cola is growing again for the first time in a number of years and it is a huge part of what is driving our performance in the market relative to the industry.

So I would say growth for sure in those first two metrics may be some short-term drag in amount but watch sales revenue which will be healthy and has been for a couple of years. And so that is part of what makes the algorithm that Steve talk about work.

Unidentified Audience Member

Sandy, if I could just sort of follow up on that because you guys are talking about how sort of the volume is going to get better. Can you walk us through as you look at those package size choices that you are making, so we look at a 16 ounce versus a 20 ounce and say -- well, the value per ounce is the same, the cost to deliver is the same, the packaging cost is roughly the same. And so as we look at it from a profit standpoint, we struggle to figure out how the downsizing in the shorter term is going to pay off from a profit standpoint. So can you walk us through sort of where the math is off on that?

And then sort of following up on Alex question from a volume standpoint if you guys are going to downsize the ounces per occasion, what is the runway on that? Is that a three- to four-year transition where we look at volumes coming in below that 0.5% to 1.5%? Is that in the 0.5%? Can you sort of walk us through how long this is going to take if you are 10 years behind where they are in package choice in Latin America?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

And Julie, I am going to ask you to pile on to explain the math here because I think it is your function. But I think the short perspective is that the velocity of bottles is growing at a rate that allows us to make more money and if you study what was going on inside of immediate consumption, call it before we got serious about this, you had a fairly steady and really horrifying decline. Because I will ask -- let me just take a small poll.

How many people in this room have bought a 20 ounce carbonated soft drink in the last week? Okay, about a penetration of about 20%. How many of you have or would buy a 16 or a 14 or a 12 ounce for $0.99 if it was available? Well, everybody is being very cooperative. But that is 90% plus or minus.

The point is that when you apply that math to your question, you get an excellent financial outcome. The thing I want everybody to understand is that the journey of rightsizing packaging is a perpetual journey. What matters is that more people are drinking you more often and they are paying you more money. That is what matters.

And part of the question that everybody asks is how can I believe in sparkling growth? The answer is, if more people are drinking you more often and paying more money, that is growth. Now if you are milking something and it is getting smaller and less people are drinking less often and you are pursuing something like the cereal companies did a lot of years ago, that is not growth. But we don't view that that way. And so we are going to end up going where the consumer goes aggressively.

And to the extent that we can see more people more often for more money, we don't feel any urge to try to upset the apple cart there and we are happy to show you. Julie, will you comment some more on --

---

Julie Francis - *The Coca-Cola Company - CCO, Coca-Cola Refreshments*

Well you actually did a great job of talking about that. But I do want to add the only thing I would add is that you talked about packaging and transactions. You heard from Glen and you heard from Chris and we say this with all sincerity, there are millions of outlets that we are not in right now. If you go to a quick service foodservice -- take a sub shop. There is a sub shop that is really, really fast at delivering subs and that is the majority of their business. When you call in, you are not purchasing beverage. They are delivering subs and are not purchasing a 20 ounce or an immediate consumption beverage because they don't have that occasion in that outlet. And there are thousands of outlets.

With the integration, you have Simply hugely, hugely successful brand because of the complexities of the route to market, it is chilled. It has to stay a certain temperature consistently over time. So the route to market is complicated. There is over four million at work outlets that don't have Simply in them right now. Together with the integration when you solve to order the cash, you solve the sales, you solve the route to market opportunities, you have an opportunity to penetrate the brand and package availability in both current outlets and within outlets that we don't have.

And tomorrow for those that are on the route going out in the market, just look around all the strip malls and look at all the different types of formats that are out there to be penetrated whether it is a strip mall that has plastic surgery and health services and the entire mall is that type of outlet, people want to be refreshed there. They are waiting for an hour; there are opportunities there.

Look at the national specialty retail outlets where traditionally you hadn't sold anything in a small hardware store or an office store or a party supply store. Now they are looking to us and consumers are looking for that occasion for us to help them with.

So we are confident that there is a lot of growth both in the outlets that we are in and then in this expanded availability that is out there now.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

And if I could pile onto that because I think that really is a big opportunity and we will be very thoughtful about the way we pursue it. So it is not about putting as much steel out there as we possibly can but it is about finding those locations where people would love to be refreshed and we can do it in an economically efficient way.

But John, the other thing I would say and Sandy said this but I want to underscore it for those who maybe didn't follow it the same way. When we were staring at our immediate consumption 20 ounce declines three years ago, they were high single digits and it looked like it was going to continue kind of in perpetuity. There wasn't an end in sight and there is a lot of people, there was a lot of skeptics when we came up with our 16 ounce strategy at $0.99 who said that is a really bad idea especially for the bottler, especially for CCE at the time because what you're going to do is you are going to cannibalize all the way down and we all know how much of your profit is wrapped up in the 20 ounce bottle.

But what we found through very good merchandising, very thoughtful merchandising is what it did was it got a lot more people reengaged to actually go into the outlet whether they were pumping gas or wherever, the $0.99 offering got people very excited to go in. And what we found is our cannibalization rate was actually even lower than we had modeled. So it was a net win for us and our entire immediate consumption business improved dramatically.

And interestingly, our 20 ounce trends improved. So our 20 ounce trends improved which makes -- you could make the argument then that the 16 ounce was 100% incremental. So now we are not -- we are looking at this the same way and sang faced with a lot of headwinds, is 16 ounce at $0.99 sustainable forever? And the answer is no, it is probably not. So we are executing the same strategy. We will bring our 16 ounce offer up and I believe what we are going to find is people have really fallen in love with that package size. I have. It is my favorite package size.

But there is going to be a whole lot of people who will still be enticed by the value offering and the very cool nature of that handheld bottle who will come in and explore it and we believe in the totality what that will offer is a product for everybody's desire and occasion. And we believe the math will actually work for us compared to what otherwise might have been.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

I mean I am piling on there. I know there are other questions but the one thing that I think Steve hit on there that is so right is we have been writing about and thinking about the declining sparkling beverage business in the US and saying it was going to go away. But the reality is that what we did was for a very long time, we really did a bad job with the category. The packaging was too big, it was generic and we were constantly focused on very, very price oriented merchandising. And so we gave up, we gave up the edges of it. We gave up the meals occasionally. We gave up the on the go.

I mean Coke has always been affordable refreshment and because we were fighting for cheap 12 packs and 2 liters in supermarkets, the price of a 20 ounce Coke went from $0.79 in the middle part of the '90s to $1.49 and all of a sudden it was more expensive than the sports drink category and all these other categories.

And so it was a combination of what we were giving people in terms of excitement and package choice and fit coupled with the fact that we didn't have -- we were making discounts in supermarkets while we were overcharging where we were building the brand.

And all that kind of conspires to create a problem and addressing it will involve addressing consumption curves and executing like we mean it for more than just a couple of months or quarters. And the net effect is we like the sales mumbles, we like the recruitment numbers. We feel -- we have a five-year plan for immediate consumption that we have put together to figure out how we are going to migrate halfway to 2020 and we feel pretty confident that it is going to work because of the results we are getting not because of some hockey stick at the end.

Unidentified Audience Member

Steve, Sandy, a question about brand innovation. We didn't hear a whole lot about that today. So I was wondering if you could talk a little bit more about how you think your capabilities there stand today, how they might change in the future?

And then a related point of acquisitions, tea I think is a priority. Where is your thinking on acquisitions outside your major categories?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Okay, Mark, thanks for the question. I would say, let's start talking about brand innovation and let's break a paradigm. What everyone thinks when Mark says that I think is what new products are you going to come out with. And there is a whole element of that. There is research going on in Sweden, there is in other areas.

Let me give you three innovations that you saw today that were the whole meeting. Innovation number one is OBPPC. That is a significant innovation in merchandising the beverage category. It is a process. It is a capability. It is the growth model and it is really innovative.

My Coke Rewards was 17 million users, that took a lot to build. That was very innovative. The extension into social media and the way that these big epic programs are being built and extended down through Facebook and out into that whole teen element that Katie was talking about is very innovative and all those our brand building innovations. And that is where the money is.

You can't chase the next thing and let your core rot out from under you. The math doesn't work. And so I would start by really focusing on the innovation that you saw in brand building and marketing because they are big things and they drive big numbers to get bigger.

Now the opposite side of the coin is to your question, we didn't spend a lot of time on Deryck van Rensburg's venturing in emerging brands area but his job is to build the next billion-dollar businesses. And so he is out there playing and part of the strategy for VEB is to make failure cheaper because part of what we studied is it takes 10 years to build a good brand and you have to be willing to do some at-bats and you have to be willing to fail. And so whether it is ZICO, whether it is Illy, super, super premium coffee, or East meets West in Sokenbicha, you know those are all ideas.

Honest, we have been quietly building Gold Peak following the Vitamin Water incubation model with Gold Peak and nobody has been that interested in it but it is starting to really move. So we have got a lot of things kind of in the oven. And then there is the whole R&D area and priorities around that are in sweetener and packaging.

But I think you can expect us to be very focused on those three strategies of building iconic core brands, being fastest-growing in the high-growth and then innovating. But the first one is job one because without it the math doesn't work.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

I was going to pile on with a couple of additional things. In the packaging arena, we think that there is tremendous upside for PlantBottle and even next-generation PlantBottle, whatever that might be. It has really led to a resurgence in our DASANI business. There was a time not very long ago like last year when people were saying you could not get any value out of case, pack, water, or even single-serve water and what we found by continuing to focus against PlantBottle is in fact that wasn't true.

Now it is not a huge amount of value but it is value and it is a premium above what others are getting and it has allowed us to get relistings in Kroger and Wal-Mart, which last time we checked are two pretty significant customers. So around the whole packaging technology front, there is a lot of excitement.

You know, Chris talked just a little bit about Freestyle and we are in the infancy of Freestyle, 50 markets going to 80 markets but the results are compelling. And when you think about the fountain business started 125 years ago, and it has seen innovation along the way but I would argue this is the first breakthrough innovation truly game changing and it is in front of us and it is ours to execute right now.

So we don't need another big idea in foodservice right now. We have got a gigantic one in front of us.

And then the third thing I would say and it was in Katie and Brian's presentation and it is building on what Sandy is talking about, when we build our iconic brands, it is usually important but the whole way the world is moving mobile, especially young people, everything that we are doing, everything that they are building has a mobile component to it. And you saw that little neat think with the Freestyle barcode. That is real. That is not in somebody's imagination.

It started in somebody's imagination but it is really being rolled out in the marketplace right now. So I think we actually -- I am feeling very, very good about where we are in the innovation space and together share of you all of us share of you that if you look for the silver bullet all the time like the new product offering that is going to be double your business, Apple is really great at that and created a tremendous amount of value. But we are first and foremost about building the iconic great brands that we have in new and innovative ways. And we think that that is going to be a continued way that we are going to win in the marketplace.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

But I think it is also true, we have been the fastest-growing still company in North America for over three years every quarter. So we think you can walk and chew gum at the same time but you have got to be focused on brands and customers to do it.

Unidentified Audience Member

Sandy, you have had to design the architecture of a company-owned bottling model but you also have to design the architecture of a future refranchise model.

My question is how close are you to completing that final design of a future model? And as you go through this experience you are going through right now, what might be some of the principles of this model that you want to preserve for the long-term?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Well, the first thing I would say is I am not designing the company-owned integrated model. The person on my right is and doing a pretty good job of it I might add. As far as the future, what I would say is that Steve and I and Gray Lindsey and a team of leaders are working with the US Bottling System to identify the road forward.

If you look at principles, and I think Muhtar has been pretty clear about this, we think the franchise system is absolutely the right system. We love it and you can find that it is not an outside the US thing. I mean the smallest bottlers in the US have been growing for three years. So you know we think the franchise system works, we just don't think it can be static.

And so some things you saw today were scaled customer management, very important principal -- scale products supply system, very important principal. But the incredible power of local touch operating off of a collaboratively built set of brand and commercial strategies, so think local touch and scale, where they both make sense.

And then finally, an evolved partnership model where everybody shares in the value in a fair and equitable way and we think those principles work looking ahead and it is a work in progress and we are not racing to it. It is not something that Muhtar said he wants done by Thanksgiving. It is something --

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

It's Christmas.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

But it is something that we are doing very, very collaboratively with our bottlers and I guess all I would tell you is I am really excited about the way that the principles will drive the strategy and I have a lot of personal pride about the 69 Coca-Cola bottlers that aren't in this room and the teammates that presented today. And I think there is something special going on here and I think you will end up seeing a system that is different and that is fit for purpose for 2020 and beyond.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

I would only add one thing to that in terms of the principles. Partners who think about investment and how do you invest to create future long-term sustainable growth is a key component of that as well.

Unidentified Audience Member

In your last earnings call it was mentioned that you would be investing over $25 billion over the next five years in markets worldwide. And I am wondering if you can give some detail as to the breakdown of these investments by market?

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

$24 billion in North America --

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Wrong, wrong, wrong.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Number one, that was a system number so that was a company in the bottlers and primarily bottlers. And Jackson would be happy to give you a breakdown on that.

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

Yes, we will follow-up with you on that. I think it was five in Mexico, three in China we had two in Brazil.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Some in Russia.

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

Some in Russia.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Some in North America.

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

North America. We will follow up and give you a detailed list because it varies also over time two-year, three-year, and five-year periods. So we can get that to you.

All right, don't be shy, we have seven minutes left.

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

Can I make a comment too while you guys are thinking of your next questions. One of the other things I hope you saw today and I think Steve and I both prioritize this a lot is chemistry. You know, this is a business of people. We have over 70,000 colleagues who put on red jerseys every morning to go out and win for their customers and consumers.

And part of what I hope you have felt and what you can push on when you are out in the marketplace is how is this team doing and what kind of roadmap do you see for talent? I can't do what Katie and Brian and Julie and Alison can do. We are excited about the team all the way down to Glen's comments about university recruiting which is something that Steve has championed. And I will let him comment on people but people is a big part of the innovation here too as we look ahead.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

Yes, I mean the University talent program is really the long-term sustaining part of our people program. And if you think about going on a college campus especially today, we have a really big advantage. It is unfortunately continues to be a very challenging economic environment. It is very, very challenging for university graduates right now and you know what, we are hiring. We are hiring a lot and we get to choose because of the environment but also because we are Coca-Cola and we have got an iconic branded company as well as coupled with lots of iconic brands and now a great platform and a great infrastructure to bring these people in.

I mean we are hugely excited about the level of talent that we have been bringing in and I can tell you every time I talk to them, they are a very, very diverse group of talented people, I leave feeling somewhat scared because they bring the bar up and you better bring your A game each and every day when you are filled with a room of bright eager incredibly talented people who come from so many different backgrounds and then therefore offer so many different perspectives.

So we are really, really proud and excited about the team that we are building here in North America together.

Unidentified Audience Member

I was curious to get an update on consumer because it is interesting today seeing the popularity of Freestyle and immediate consumption and all these packages. And I was just curious, how much of the growth and maybe some of the buildup we have seen recently do you think is coming from initiatives that you have put in place versus maybe some firming up if any at the consumer level?

Sandy Douglas - *The Coca-Cola Company - President, Coca-Cola North America*

I guess my only comment would be it is a dynamic environment with the consumer. I mean this economy is -- I am not trained to tell you what is going to happen but it is tough out there. And there are a lot of reasons for it. But we think that if you want to stay focused on the consumer and think in prisms through which you have to look at your business, well-being, value, sustainability, and multiculturalism are the prisms. And if you do those things well and you market and sell and execute better than anyone else particularly as Gary said at the beginning and Muhtar says this all the time -- I mean thank God we are not in the big heavy-duty appliance and other kinds of businesses. We sell moments of pleasure cents at a time, billions of times a day.

And so we can -- we can operate in the prisms that we are living in but I would say that every time we think the consumer is fully back, something happens that makes their life more difficult and we have to keep responding and that is why we are so focused on making sure segment and execution works because we have got to have value where value is needed and premium where premium can be enjoyed and we are not afforded the luxury of choice on that.

Steve Cahillane - *The Coca-Cola Company - President and CEO, Coca-Cola Refreshments*

The only thing I would add to that is to your question, I don't feel a tailwind. A year and a half, two, three years ago, we felt the headwinds. Things stopped getting worse and then we thought started to get a little bit better but today, they have stopped getting better so it is not helping but it is not hurting anymore.

So Muhtar said a number of times the consumer in North America is fragile and I think fragile is a pretty good word to describe it. Housing is not getting any better. Construction is not getting any better but things have stopped -- jobs in general are not getting any better but there is not a sign that we see that things are going -- that it is going to get worse all over again.

So we have to keep doing what we are doing as Sandy said, run our play. We have been able to grow in an environment without a tailwind and like everybody just part of the nature of being Coca-Cola and the patriotic Company we are, we want those tailwinds. We want America and we believe in America and I for one really do believe in the medium and long-term America's best days are still in front of them because it is innovation, entrepreneurial culture and it will happen and we will keep running our play until such a time as we can enjoy a tailwind again.

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

So with that, any last pressing questions in the last couple of minutes we have?

Unidentified Audience Member

Gary, sorry but I am going to ask you about it. Thoughts on FX.

Gary Fayard - *The Coca-Cola Company - EVP and CFO*

FX, what we have seen -- I am going to stand up because we have only got a minute left. What we have seen is the dollar strengthen obviously fairly significantly across the board the last few weeks and it is fear, risk aversion, all of those kinds of things.

I think one of two things is going to happen. I think either the present European Bank and all as of yesterday is right and Greece is going to be okay. They are going to save it with Eurobonds or whatever and they are going to save it and then I think the dollar will start to weaken again over time. The euro will be with range bound probably a little bit and the rest of the currencies will start strengthening again.

Don't ask me for percentages because if I knew I wouldn't have to be standing here working. Other would be if something does happen around Greece and let's say there is a default or whatever -- God help us if it is. If there is, remember grease is only 2.5% of the EU's GDP. So I think if it was, I think my prediction of what will happen is the markets will significantly overreact. The euro will weaken significantly; the dollar will strengthen. It will be an overreaction that will not last anything like last time and it will start correcting probably my best guess in six or eight weeks.

But in that overreaction, you are going to see the dollar strengthen, exchange rates get worse, commodities probably fall, start in freefall. So you have got a couple of different scenarios and I am just playing scenarios with you now. That could happen; it all could be stable. We don't know. And we are basically right now going through and evaluating and hedging our bets against all of those scenarios as to what could happen. So we don't know.

And I think the best thing we can do is from a treasury point of view, we are hedging our bets on things and we are actually taking out coverage on lots of things over the next few months around the currency side. We will see what happens on commodities. But the best thing we can do is try to protect what we have got but then run our play as Sandy says. We are going to run our play and the world does what the world does.

But that is kind of I think where we are. But that is the best I can say, John. It is a guess. It is anyone's guess today as to what is going to happen. Hopefully they will get Europe fixed and all.

So with that, you saw I thought some terrific people from North America in CCR today but you only saw about half the team. The other half of the team are actually here as well. So if you really want to deep dive on juice, there is a guy right there that can tell you everything there is to know about juice. If you want to know about customer care, right there.

You know, so Deryck van Rensburg is back there if you want to talk about innovation around new products. So check find them and talk to them because there is a lot of other talent that we would love for you to talk to while you were are today.

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

And they will be out at the reception tonight between 5.30 and 7.30.

Gary Fayard - *The Coca-Cola Company - EVP and CFO*

Exactly.

Jackson Kelly - *The Coca-Cola Company - VP and Director of IR*

So with that last question, that concludes the webcast as well.
