New Century, New Challenges, New Solutions

2002 Annual Meeting Inspires, Educates

The winds blowing off Lake Michigan were barely discernible compared to the uplifting winds of change swirling about in the Grand Ballroom of The Palmer House in Chicago, during this year’s annual meeting of the membership of The Coca-Cola Bottlers’ Association.

Association President Claude Nielsen, as he approached the end of his term, welcomed the bottler representatives and reflected generally on the strength of the Coca-Cola Bottling System in the face of tremendous challenge, both economic and psychological. Mr. Nielsen shared that he stands “in awe of our collective strengths...the power of our brands...the capabilities of our distribution system...our relationship with customers...our relationship with our communities and the commitment—everyday—of our associates.”

He went on to say that “this system is on the verge of what may be the strongest, most important period in its long and illustrious history.” Claude then encouraged the attendees to look ahead with him to the new challenges facing the system, as it turns 100 years old and enters its second century. Changes and challenges around consumer preferences and demands; demographic impact on the industry; dramatic shifts in customer strengths and priorities were all a part of the focus of Mr. Nielsen’s presentation. Mr. Nielsen concluded by defining the Association’s mission as follows: “To make Coca-Cola Bottlers more competitive, continued on page 7

Jack Pelo Elected Association President

New Slate of Officers Named

The Board of Governors of The Coca-Cola Bottlers’ Association met on November 6 and 7, to conduct business which included, among other matters, the election of officers for the coming term. The Association’s new officers are President Jack Pelo (Draper, UT), Vice President Ron Wilson (Philadelphia, PA), and Treasurer Hager Rand (Durham, NC).

The Board commended outgoing President Claude Nielsen (Birmingham, AL) for his devotion and service to the Bottlers during a time of transition within the system and within the Association. Mr. Pelo, currently a Member of the Board of Governors, is President and CEO of Swire Coca-Cola USA—Salt Lake City, Utah, a position he has held since 1996. Prior to serving in his current position, Jack served the Coca-Cola system as Division Manager of the Northwest Division, of Coca-Cola Bottling Company—Walla Walla, Washington. He began his professional career as an

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Schedule of Activities

January 28-29, 2003
On Premises Consumption Committee
Atlanta, Georgia

February 10-12, 2003
CCE Core Warehouse Training (West)
Draper, Utah

April 22, 2003
Executive Committee Meeting
Atlanta, Georgia

April 23, 2003
Spring Board of Governors Meeting
Atlanta, Georgia

April 24, 2003
Marketing Input Session
Atlanta, Georgia

April 24, 2003
Coca-Cola Scholars Banquet
Atlanta, Georgia

September 22-23, 2003
CCBA Annual Meeting
Philadelphia, Pennsylvania

September 24, 2003
Bottler Business Briefing
Philadelphia, Pennsylvania

November 5-7, 2003
Fall Board of Governors Meeting
The Association Welcomes Two New Members to the Board of Governors

Two new members have been elected to the Association’s Board of Governors. We welcome Don Mapel (Durango, CO) and Mike Thompson (Richmond, VA), to the Board.

Donald T. Mapel

Don Mapel is currently the President of Durango Coca-Cola Bottling Company and Chairman of the Board for Southwest Canners. Don and his wife Sandra moved to Durango in 1970 after a stint with the Navy in Vietnam. Initially, he assumed the duties of operations and sales manager for Durango Coca-Cola. In 1978 he acquired the additional responsibility of production, and became General Manager in 1980. Don was elected to the Board of Directors for Southwest Canners in 1981, and has served as Chairman of the Board there for the past ten years.

Don is very loyal to Coca-Cola, his family and the Durango Community. His local involvement includes service in Rotary, past president of Durango 100 Club, Director and past president of Fort Lewis College Foundation, Director of the Durango Industrial Foundation and 2002 Durango Citizen of the Year. Durango Coca-Cola has received numerous awards, which include Outstanding Business in Durango. Don and Sandra have two children, Meredith and Frank. Both children reside in Durango. Meredith is an employee of Durango Coca-Cola and Frank is a professional mountain bike racer.

Michael H. Thompson

Mike Thompson Graduated in 1969 from Virginia Commonwealth University with a BS in Accounting. He went on to work as a Senior Auditor for A.M. Pullen & Company CPAs, a regional public accounting firm in Richmond, VA. After that, Mike worked for The C.F. Sauer Company as Treasurer for their subsidiary companies. C.F. Sauer is a privately held regional spice, extract and salad products company that has been in business since 1886. Sauer subsidiaries included C&T Refinery, an edible vegetable oil refinery located in Charlotte, NC, Dean Foods, a margarine company in Richmond, VA, Metrolina Plastics, a plastic bottle manufacturer with plants in Richmond, VA and Shelby, NC, and High’s Ice Cream, with locations in Norfolk, VA and Knoxville, TN.

Mike joined Central Coca-Cola Bottling Company in 1992 as Director of Finance. Since then, he has added the title of Treasurer. Central is a top 10 bottler with case sales of over 11 million annually. It is headquartered in Richmond, VA, with sales territories in Virginia, Maryland, West Virginia, Pennsylvania and Ohio. Since joining Central, Mike has been active in several committees of the Association. He currently serves on the Finance Committee and has served for the last two years as Chairman of the Financial Management Forum. Mike also serves on the Insurance, Services and Loss Control Committee, having just agreed to co-chair the committee with Mr. Jim Grantman. Mike also serves as a member of the Board of Directors of Western Sales.

In addition to his vast background, Mike is a Certified Public Accountant, with membership in The Virginia Society of CPAs and The American Institute of CPAs. He is also a past member of The Financial Executive Institute.

We welcome Mike and Don as they join the Association’s Board of Governors.

Charitable Foundation Gears Up for Giving

The Coca-Cola Bottlers’ Association is pleased to announce that the Coca-Cola Bottlers’ Foundation initiative is in the final stages of implementation. The approval process is complete and all necessary paperwork required by the IRS has been filed. With the formula in place for funding the foundation, the Association will announce the process and procedures Bottlers must follow to nominate their favorite charitable organizations during December of 2002. We expect that the Foundation will be prepared to accept Bottler nominations for gifts to local charities in January of 2003.

The process to establish a charitable foundation began in the spring of 1999. Through compromise and cooperation, the bottlers and CCBA are now poised to initiate a program that will make lasting contributions to the communities where we work and live. As the old saying goes, charity begins at home; for Coca-Cola Bottlers in 2003, charity begins in your home territory!

Congratulations

The Association sends out highest kudos to Claude B. Nielsen, President, Coca-Cola Bottling Company United, Birmingham, on his being named as Birmingham Business Journal’s Executive of the Year.
Association Takes on Mainstream Bottler Customer Representation

CCBA Retains Dedicated Staff to Serve Mainstream Members

As announced at the Annual Meeting, the Association has agreed with the Mainstream Bottler Council to take on the role of representing non-top 7 bottlers in the Customer Steering Committee process effective January 1, 2003. The customer steering committee process is utilized by CCNA and CCE to develop strategies, review and approve programs and otherwise obtain bottling system input and seek bottler consensus on national and regional customer programs. CCBA’s role in that process will be to collaborate with the Mainstream Council to coordinate communications, manage feedback and otherwise enhance the involvement of bottlers that are not directly represented on those steering committees. CCBA’s decision to take on that responsibility was the result of multiple requests by Mainstream Bottlers and enjoyed the full support of CCE and CCNA.

Working with the President of the Mainstream Council, Ron Hart, and numerous Mainstream Bottlers, CCBA has selected Bobbie Golden (profiled elsewhere in this issue of The Bottling Line), currently with CCNA, to serve as Director, Customer Management Programs and Representative, Mainstream Bottlers. Ms. Golden will focus on customer issues unique to Mainstream Bottlers, including financial concerns, local market conditions, customer program features, CTM cost and administration, marketing programs and operational issues.

As outlined at the fall Mainstream Bottler meeting, Ms. Golden’s plan is to initially focus on fact gathering concerning volume, cost and other pertinent information concerning the role of Mainstream Bottlers in various customer programs and concerning the needs and perspectives of Mainstream Bottlers relative to customer programs. She will also seek to develop improved communication systems with Mainstream Bottlers via various vehicles, including NAE and Group Managers (prior to and as programs are in development); via Steering and On-Premise Committees; via CPACT for the operating process; and by way of established relationships.

Ms. Golden’s goals are to achieve improved communication throughout the bottling system on customer issues, to enhance the involvement of smaller bottlers in shaping customer programs, to improve execution of programs approved through the steering committee process and to enhance the benefits obtained by smaller bottlers from national and regional customer programs. In the process she hopes to enhance the effectiveness of NAEs and key account managers calling on national and regional bottlers by facilitating better bottler input, broader support for customer programs, decreased response time and increased response levels. In the process, she hopes to contribute to enhanced relationships and the improvement of overall performance relative to consumers, customers, Bottlers and the Coca-Cola System as a whole.

Ms. Golden will report to the Executive Director of the Association, Tom Haynes, and to the President of the Mainstream Bottlers Council, currently Ron Hart. Over time, Ms. Golden is also expected to take on additional responsibilities within CCBA, including support of the On-Premise and Cold Drink Equipment Service Development Committees.

Distribution Committee Completes Active 2002

Further Plans for 2003 in the Works

CCBA’s Distribution Committee, under the leadership of Chairman Ron Wilson, completed an active 2002 with a two-day Distribution Best Practices seminar on October 29 and 30, 2002, hosted in Londonderry, New Hampshire by Coca-Cola Bottling Company of Northern New England. The Londonderry best practices seminar was the second conducted by the Committee in 2002, and like the previous seminar conducted in Athens, Georgia, in March, featured a hands-on demonstration of leading edge innovation by Coca-Cola bottlers in the warehouse management and distribution arena.

Attendees at the October seminar had the opportunity to observe both CCNNE’s radio frequency dispatch system for picking and order building in its bulk warehouse and CCNNE’s new flex bottling lines in the adjacent bottling facility. Like the Athens seminar, the Londonderry seminar included presentations by several bottlers, including CCE, Consolidated, CCNNE and Great Plains CCBC on their efforts to innovate in several key distribution areas, including driver communication, warehouse order building and warehouse management, 24- versus 48-hour selling, cross docking, effective use of hand held technology and order fulfillment system enhancement.

At the conclusion, of the seminar, Chairman Wilson led a discussion of Distribution Committee plans for 2003, including possible CCBA and committee initiatives for taking a more active role in developing cutting edge technology to improve the distribution system. Operating from the belief that the distribution system is one of the Coca-Cola bottling system’s most precious assets, the Distribution Committee plans to continue to look for better ways to enhance that system through improved bottler communications, collection and sharing of KBIs and greater focus on identification of new technologies and approaches. The Committee also intends to conduct another Best Practices Seminar in the spring.

With the gracious cooperation and support of CCE, the Distribution Committee also sponsored a core warehouse management training session in Atlanta in early October, at which bottlers throughout the country were invited to send their warehouse managers to Atlanta for presentation by CCE of the warehouse management training program utilized throughout the CCE system. A second warehouse management training session is scheduled for Draper, Utah, on February 11 and 12. Please contact Kem Pearce at the Association as soon as possible if you or one of your associates is interested in attending.
New Solutions for Procurement and Distribution

Efforts Underway to Further Unify the Bottling System

Through the joint efforts of the Coca-Cola Bottling System, a new entity is emerging which will revolutionize procurement and distribution within the Coca-Cola system. The objectives of the newly-formed entity are to establish a more efficient franchise system, reduce costs, facilitate innovation and develop new approaches to beverage marketing and distribution. The biggest news of all, however, is that the system’s ability to coalesce around the formation of this new entity, and its governance structure is dramatic evidence that the system is entering an era of unprecedented collaboration that promises to benefit all bottlers and form the foundation for a better future.

The new legal entity is named Coca-Cola Bottling Sales and Services (CCB). All U.S.A. Bottlers will be invited and encouraged to join CCB. The required contribution to equity associated with membership is nominal (less than $1000 for all but the eight largest bottlers) and will enable the bottler to participate in the procurement services and share the profits from the distribution operations of CCB. Members will be asked to sign a membership agreement covering CCE, Coca-Cola Bottling Company and Western Sales into a single comprehensive procurement program and membership interests cannot be transferred except in conjunction with a Bottler’s sale of its Coca-Cola Bottling business.

In the procurement arena, CCB will unite the current procurement efforts of CCE, Coca-Cola Bottling Company Consolidated, The Coca-Cola Bottlers’ Association, The Coca-Cola Company and Western Sales into a single comprehensive procurement program that utilizes the buying power and skills of the entire North American Coca-Cola system. The initial focus of those buying efforts is expected to be on direct materials procurement (cans, sweetener, closures, PET resin, secondary packaging, etc.) and sales and marketing equipment (venders, coolers, merchandising equipment, etc.), with the expectation that the scope of the program will grow over time. The system is already beginning to enjoy the benefits of broader purchasing collaboration, in the form of dramatic savings on Fridge Pack wraps. CCE has committed to conduct its procurement through CCB and all of the other largest U.S. bottlers, together with The Coca-Cola Company, for its Coca-Cola Fountain and Minute Maid operating units, are expected to follow suit.

All Bottler members in the procurement program would share equally in program benefits and would get pricing determined on a comparable basis, regardless of size, i.e., a most favored nation concept. Policies relative to freight equalization, back haul allowances, price equalization, length of required contractual commitments, etc., would be made on a commodity-by-commodity basis by the CCB Board based on industry practice, competitive impact and impact on programs and on individual bottlers, similar to current CCBA practices. The current plan is that CCBA would continue to provide billing and administrative support for CCB’s procurement activities and, over time, would absorb the billing services currently provided by Western Sales on items purchased by CCB.

In the distribution area, CCB will focus its efforts on non-DSD distribution of new non-carbonated beverages developed by The Coca-Cola Company. The new products in question will be products that are not well-suited to distribution in Bottlers’ core DSD distribution system and which have traditionally been managed outside the bottling system by TCCC (e.g., through its Minute Maid division). The CCB operating agreement provides that, absent unusual circumstances and a strong bottler consensus, CCB would not manage distribution of any carbonated soft drinks or cold fill non-carbonated beverages and TCCC has agreed to bring all such beverages directly to the bottling system, rather than to CCB. CCB’s distribution options for products that it does manage would range from pure warehouse distribution with food broker representation to third party distribution to hybrid systems in which bottlers might be asked to perform certain functions (e.g., warehousing, merchandising, selling, etc.) or to perform DSD distribution in certain channels (e.g., vending or cold drink). Bottler participation in any of those functions would be voluntary.

Equity in CCB will be divided among U.S.A. Bottler members on the basis of an arithmetic average of total volume of Coca-Cola products and population in Coca-Cola exclusive territories during the year 2001. Equity will be adjusted based on acquisition of other bottlers, but not organic growth. CCB’s Board will have sixteen votes, with CCE accounting for 8 votes, the second through seventh largest Bottlers each holding one seat and one vote and Main-stream Bottlers collectively holding two seats and two votes. Virtually all actions of the Board would require approval by two-thirds of the Board and several major actions will require an 80% Board vote.

Committees within CCB will be elected by the Board to be responsible for CCB’s major functions, (i.e., procurement, management of alternative distribution systems, etc). After an initial transition period, CCB will have separate facilities and its own operating budget. Its Board will determine how much of its profits, if any, to distribute, but if profits are distributed, they will be shared among all Bottler members based upon each Bottlers’ equity ownership in CCB.

CCB will begin operations when Bottlers representing 90% or more of U.S. Coca-Cola volume execute the Operating Agreement. That threshold is expected to be reached by the time that you receive this edition of The Bottling Line and 12 U.S. Bottlers, including CCE, have already joined CCB. Norm Findley of CCE has been
elected the first Chairman of the Board of CCB and Bill Holl of CCE has been designated as the interim President and Chief Executive Officer.

More details pertaining to CCB are spelled out in the Operating Agreement, which was distributed to all U. S. bottlers in early November (some minor correction pages were sent out in late November). U. S. Bottlers that sign the Operating Agreement before December 31, 2002, will automatically become CCB members. If the Operating Agreement is not executed by a bottler before that deadline, a late decision to join CCB is subject to approval by CCB’s Board.

If you have not received a signature copy of the Operating Agreement, please contact CCBA’s attorneys, Rob Smith (404) 853-8221, Ed Kallal (404) 853-8104 or Rick Murphy (202) 383-0635. If you have further questions about the CCB initiative, please feel free to contact Tom Haynes or Charles Norton at the Association.

The 2002 Risk Management Seminar, organized and sponsored by the Association’s Insurance, Services and Loss Control Committee, was held October 16–18 in Las Vegas, Nevada. In keeping with a practice established last year, the seminar was held in conjunction with the fall meeting of the Financial Management Forum, to maximize efficiencies for those who have overlapping interest in the two functions. Bottler representatives from Spartanburg, SC to Sacramento, CA and everywhere in between gathered at the Mirage Hotel for education and interaction on matters ranging from group health to wage and hour law, as well as loss control practices, handling OSHA complaints and discussion surrounding electronic communication, light duty issues and theft detection.

The attendees were invited to attend a presentation during the last portion of the Financial Management Forum immediately preceding the formal start of the Seminar. That presentation, made by Tom Haynes, Executive Director, CCBA, and Tom Flynn, MARSH USA, focused on the Association’s insurance expansion initiative. Messrs. Haynes and Flynn went into detail regarding the proposed structure of the initiative and its anticipated benefits to the bottling system. After the formal start of the Seminar, the group enjoyed an in-depth presentation on legal developments in group health, drawing upon the wisdom and experience of experts in the field. The afternoon concluded with an update of the Association’s group health program, by Dan Gundaker, CCBA’s Employee Benefits Manager.

The Second Day began with a presentation by Eric Dreiband, Deputy Administrator of the Wage and Hour Division, U. S. Department of Labor. Mr. Dreiband shared information from the unique perspective of his position, answering questions and providing his expertise and experience on matters related to wage and hour law, among other topics. After an employment law update by John Bode of the Chattanooga law firm of Miller & Martin, a group of bottler representatives took the stage to share, in a panel discussion format, their experiences in dealing with employment law matters.

After lunch, the group heard from Charles Norton and Jim McLeod of CCBA, and Ray Steed, Director of Quality, Information and Incident Management, Coca-Cola North America, on a number of timely matters focusing primarily on product liability claims and incident management. Mr. Steed addressed the group on the structure and responsibility of the information and incident management functions at Coca-Cola North America. He also shared information with the audience about what to expect from new products, including milk-based products, as well as products supplemented with herbs and vitamins. Mr. McLeod and Mr. Norton shared information on handling product liability claims from start to finish, including information specific to the Association’s product liability program.

The seminar was rounded out by panel discussions on electronic communication, light duty issues and theft detection, as well as some pointers on the better approaches to interacting with insurance underwriters by Mark Byers (Charlotte, NC) and Jim Bailey, Pritchard & Jerden. The seminar concluded with presentations by Jack Hawkins (Charlotte, NC) on handling OSHA complaints and Doug Leeson, of the Investment Research Group, on 401K plan administration. Presentations from the seminar have been posted on the Association’s website. If you have any questions about the Risk Management Seminar, the Insurance Services and Loss Control Committee, or the Association’s Insurance Initiative please do not hesitate to contact Charles Norton at 404.872.2258.

(1 to r): Panelists Joyce Hawkins (Draper, UT), Mario Nunez (Oklahoma City, OK), Tracee Hunt (Philadelphia, PA) and AnnMarie Lacharite (Bedford, NH).
CCBA Expanding Insurance Program

The Association Moves Its Insurance Expansion Initiative Forward

As reported at the CCBA Annual Meeting, CCBA intends to dramatically expand the scope of its insurance offering to the bottling system effective January 1, 2003. The expanded insurance program, adding worker’s compensation, automobile or fleet, property and general liability coverage to CCBA’s separate product liability program, promised to substantially reduce bottler insurance cost and improve coverage with savings that should grow over time.

The program is designed to exercise the collective purchasing strength of the Membership, while also further utilizing the Association’s captive insurer, Georgia Atlantic Insurance Limited (“GAIL”). GAIL currently supports CCBA’s products liability program, and has done so successfully for many years now.

Advantages are available at some level for bottlers from CCE and other bottlers with large retentions, to small bottlers with large retentions, to small bottlers to share in the economies of scale of the program with all bottlers. All members will be offered the full breadth of the program.

Working in conjunction with MARSH, Inc., CCBA has developed an insurance program that is designed to help the bottlers avoid typical insurance carrier bureaucracy, in a program designed specifically for Coca-Cola bottlers. Too, the sharing of safety and loss control best practices will result in the continuous improvement of loss trends, quicker identification of cost drivers, and will lead to enhanced individual claims data.

The Association’s Insurance, Services and Loss Control Committee will work closely with our consultant and with the Members of the Association to establish and continuously improve guidelines around safety practices and loss control measures. The establishment and maintenance of those guidelines will act not only to control losses within the new insurance program, but will generally help bottlers to share in the best practices of the Coca-Cola Bottling System. This objective of Member-driven best practices will also be an important element in setting safety dividends and possible premium credits for audit results. Overall, the program will allow for the consolidation of loss data into a single database, which will then allow the targeting of cost drivers and the measurement of historical results. Key areas of focus within this focus on safety will include worker safety, fleet safety, property loss prevention, environmental and business continuity.

This enhanced and expanded program is designed to offer comprehensive terms and conditions, as well as flexible deduction and retention levels. Insurance policies will be issued by a fronting carrier. A full array of coverages will be offered, including general liability, automobile liability, automobile physical damage, workers’ compensation and property.

Claims within the program will be handled via a combination of efforts of the Association and a third party administrator, with attention to the bottlers’ needs for efficient claims handling as well as any specialized needs.

Applications for this program have been mailed to every bottler. If you did not receive yours or have misplaced it, or if you have any questions about the program, please call either John Sprague or Charles Norton, at 404.872.2258.

Two Additions to the Association Staff

Mark Cannon joined The Coca-Cola Bottlers’ Association as Special Projects Manager on August 26, 2002. Responsibility for the implementation of the common bottler can mandate and the CCBA charitable foundation are two of his initial projects.

Previously, Mark worked for The Coca-Cola Company as a legal assistant in the antitrust/competition group, which has oversight responsibility for mergers and acquisitions and also provides assistance with many bottler related issues. Prior to that, he worked as a regulatory analyst for Prudential HealthCare. He is a graduate of Florida State University and lives in the Atlanta area with his wife and daughter. Mark says he is “very excited for the opportunity to become involved in the business aspect of the bottling industry.”

Bobbie Golden, also joining the Association Staff in January, 2003, will serve as Director, Customer Management Programs and Representative, Mainstream Bottlers, focusing on matters of concern unique to the bottlers within that group. Bobbie has lived in Georgia all her life. She is originally from Savannah, and moved to Atlanta in the 7th Grade. Bobbie attended the University of Georgia and of necessity is a huge Georgia Bulldog fan.

Ms. Golden has been at The Coca-Cola Company for over ten years. She started in the Legal Division and worked there for six years, having primary responsibility for developing, negotiating and drafting Customer Program Agreements. Bobbie also worked on developing Bottler Agreements and was the liaison for the legal department in the development of the Bottler Operating Process. She then moved to National Sales, where she has worked for 4 years. Her primary areas of focus include Bottler CDESC Meetings and Communications, Bottler Operating Process/CTM Management/Volume Reporting, Channel/Customer and Consumer Initiatives (At-Work, NAMA, Industry Trends), Training, e.g. Connecting With Customers and the Roll-Up of ABP.

Bobbie has an 8 year old son, Baker.
Jack Pelo
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In addition to serving the Coca-Cola bottling system in his capacity as a Member of the Association’s Board of Governors, Mr. Pelo has served as Vice President and as Treasurer of the Association, and has also chaired the Association’s Industry Issues Committee. Jack sits on the Board of Directors of the Coca-Cola Scholars Foundation, as well as on the Boards of Key Technology, Inc. and the National Soft Drink Association. He is Past President of the Utah Soft Drink Association, and has served as President, Vice President and Treasurer of the Washington Soft Drink Association. Jack is also a past member of the Board of Directors of the Utah Manufacturers Association.

In addition to his professional endeavors, Jack serves as a Director for both the United Way of Salt Lake City and the Utah Council for Crime Prevention. He is involved in leadership capacities with The Waterford School, on its Parents Advisory Committee and as Annual Giving Chairman; with the American West Heritage Center on its Advisory Committee; as a Director of the University of Utah President’s Association; and as a member of the Board of Trustees of the Washington State University Foundation. Jack rounds out his community service through strong leadership work in organizations such as the Exchange Club of Walla Walla, the YMCA, Lambda Chi Alpha Fraternity and the Walla Walla Community College Foundation.

Annual Meeting
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more profitable and more valuable as they enter their second century.”

Day One of the meeting continued with an in-depth presentation to the membership of a revised proposal for the use of CCBA stock holdings relative to the CCBA Foundation, and the allocation of funds from the Foundation. After the presentation, made jointly by Claude Nielsen and Norm Findley (Coca-Cola Enterprises), the Association voted unanimously to accept the revised proposal. The agenda also included an informative presentation on the Association’s ambitious and promising insurance expansion initiative (discussed in more detail in a separate article in this issue), and major developments in the Association’s Group Health Program.

The first day of the meeting concluded with a presentation on major developments in purchasing and procurement, including the CCB procurement initiative, preceded by John Palermo’s (Coca-Cola Northern New England) stewardship report on Purchasing Committee activities.

Day Two included stewardship reports from the Financial Review Committee by its Chairman, Mike Estep (Durham, NC); from the Industry Issues Committee by its Chairman, Jack Pelo (Draper, UT); from the Marketing Committee by its Chairman, Norm George (Charlotte, NC); and from the Packaging Committee by its Chairman, Mike Perks (Charlotte, NC). The attendees also heard from the Association’s On Premise Consumption and Distribution Committees, from their respective Chairmen, Thatcher Worthen (Birmingham, AL) and Ron Wilson (Philadelphia, PA). Tim Goff (CCE) shared information on CCE’s cold drink function and their commitment to collaboration on cold drink issues. Dan Marr, also of CCE, presented a stewardship report on customer management. Finally, Frank Harrison, III (Charlotte, NC) shared a report on NSDA activities.

The spirit of the material presented, as well as the membership’s response to it, was overwhelmingly positive. Generally, the reaction can be summed up in certain quotes of the bottler representatives in attendance, who commented: “[The] ongoing spirit of cooperation really accelerated at this meeting.” Another bottler said: “This has been the most informative CCBA meeting I have attended.” And a longtime attendee noted: “Best CCBA meeting in several years! Thanks!!”

One bottler’s comments were most illustrative of the overall sentiment of the attendees when he said, “I like the direction CCBA is going and [I] feel we will benefit more from you in the future.” Also noted in an evaluation of the meeting was the comment, “This was the best meeting I have been to in the last 10 years...Great Job!”

“Best, most substantive meeting in a long time.”

“In my 30 years in this business, CCBA has never been so active in addressing the future. Congratulations!”

Several attendees have requested copies of various presentations made at the meeting. The Association is making those available on its website (www.ccbanet.org). If you do not have (or cannot remember) your password to that website, please contact Brian Petersen at the Association at 404.872.2258.
Morton “Skip” Brightwell

On Thursday, June 13, Morton “Skip” Brightwell of Signal Mountain passed away at the age of 88. He loved his work and the people he worked with—and was always interested in his employees and their families. He thoroughly enjoyed his 40 years working with Coca-Cola Bottling Company and was highly regarded by those who knew him best as “Mr. Coca-Cola.” Even after 20 years in retirement, the employees of the bottling company voted him the first recipient of their “Hall of Fame Award” in 1997.

After serving four years in the U.S. Army during World War II, Skip moved to Laurens, S.C. in 1947, where he was president of the Laurens, S.C. and the Darlington-Hartsville Bottling Companies and served as president of the South Carolina Bottlers Assn. In 1962 he moved to Signal Mountain, TN where he served as Vice President and Manager of the Chattanooga Coca-Cola Bottling Company United, retiring in 1979.

He served as president of the Tennessee Bottlers Assn. and a Board member of The Coca-Cola Bottlers’ Association. He was instrumental in Chattanooga Coke’s purchase of the Dr. Pepper franchise.

In remembrance of Skip, contributions can be made to the Signal Mountain Presbyterian Church, Alexian Healthcare, or to the Parkinson’s Association.

Stanhope E. Elmore, Jr.

Stanhope E. Elmore passed away October 13, 2002. Mr. Elmore was a former president of the Alabama Soft Drink Association (1978-80) and was the winner of the ASDA Distinguished Award in 1986. After his discharge from the United States Air Corp in 1945 as a Captain, he went to work for Montgomery Coca-Cola Bottling Company and thereafter worked as Sales Manager for the Coca-Cola Bottling Company in Independence, Kansas. In 1954, he went to Dothan, AL, to manage the Coca-Cola Plant, and from 1961 until his retirement on September 30, 1986, he served as President of the Dothan Coca-Cola Bottling Company. Memorial contributions may be made to the Boy Scouts of America, Box 2028, Dothan, AL 36302; Wiregrass Hospice, P.O. Drawer 2127, Dothan, AL; the Episcopal Church of the Nativity, 205 Holly Lane, Dothan, AL 36301; or to a favorite charity.

Irma Newsom Franklin

Mrs. Irma Newsom Franklin died August 3, 2002, at age 87. Her parents were W.D. Newsom and Elmina Largent Newsom. In 1908, her father was a partner in a business making ice cream and bottling beer. In 1905, with a distribution system in place, he bought out his partner and purchased the franchise to bottle and distribute Coca-Cola in Angelina, Polk and Trinity Counties. Mrs. Franklin joined the Lufkin Coca-Cola Bottling Co. in 1952 and at Mr. Newsom’s death in 1962, she became President, presiding over the operations until 1997 when her son Bim took the title.

When Angelina College was founded, Mrs. Franklin started a nursing scholarship in her father’s name for a deserving student from the three-county area served by Lufkin Coca-Cola. Personally and through the company she made many contributions to the city and to various organizations, even stepping in to make arrangements to send a school class on a trip, after the money the students had raised was stolen.
Marvin White Griffin

Marvin White Griffin passed away on Monday, July 29, 2002, at the age of 63. Mr. Griffin, of Rogers, Arkansas, was formerly of Atlanta, Georgia. He was Senior Vice President, Coca-Cola USA 1980-83, President and CEO of Coca-Cola Bottling Co. Consolidated 1983-87, President and Chairman of Daisy Manufacturing 1988-2001, and Chairman of Brass Eagle 1997-present. Mr. Griffin is survived by his wife, Diane Tito Griffin; son and daughter-in-law mark and J.J. Griffin; daughter and son-in-law Katherine and Chris Griffin-Erickson; granddaughter G.G. Griffin; and parents Ruth and Neal Bunting. Memorial contributions may be made to the Salvation Army, The American Heart Association, or Central United Methodist Church, 2535 W. New Hope Road, Rogers, Arkansas 72578.

J. Frank Harrison, Jr.

J. Frank Harrison, Jr., Chairman Emeritus of Coca-Cola Bottling Co. Consolidated, passed away on Tuesday, November 26, at the age of 72. Mr. Harrison built and led a number of companies, including Chattanooga Glass, the Dorsey Corporation, Sewell Plastics and Coca-Cola Consolidated. At Coca-Cola Consolidated, he served on the Board of Directors since 1975. He was Chairman from 1977 until 1996 and has served as Chairman Emeritus and Chairman of the Executive Committee for the last six years. His son, J. Frank Harrison, III, who is also Chief Executive Officer of the Company and who also sits on the Board of Governors of CCBA, succeeded him in 1996 as Chairman of the Board. CCBCC President and COO, Bill Elmore, said "Mr. Harrison loved his God, his family and this Company. He served all three with care and dedication." Memorial contributions may be made to Changed Lives, Box 100, Chattanooga, TN 37401.

George Van Houten

George Van Houten, 78, of Austin, Texas, passed away Thursday, September 26, 2002. Mr. Van Houten was the father of CCBA Board Member David Van Houten. He served in the U.S. Marine Corps during World War II and during the Korean War. George retired as General Manager for Austin Coca-Cola after 30 years of service. He was a member of the Texas Soft Drink Association. George is survived by his wife, Marjory; son, David Van Houten and wife, Carol; daughters, Cathi Lockard and husband, Lee, and Susan LeBas and husband, James. He was preceded in death by his son, Paul Dryden Van Houten. Memorial contributions may be made to the Baylor Bear Foundation, 15 Bear Run, Waco, TX 76711. Memorials may be made to the charity of your choice.

Frank Marr Late

Frank Marr Late passed away on November 27 at the age of 94, in Dallas, TX. Mr. Marr was a long time shareholder in Great Plains Coca-Cola, along with the family of Bob Browne, a current member of CCBA’s Board of Governors. Mr. Marr was an entrepreneur with interests in oil field services, both domestic and international, as well as automobile dealerships, manufacturing, soft drink bottling, banking, gas exploration and ranching. The family asks that any memorials be directed to the charity of your choice.
Coke hires new creative officer. Esther Lee, a 20 year advertising veteran and co-founder of the New York agency DiNoto Lee, was named chief creative officer for CCNA. Lee will report to chief marketing officer, Chris Lowe and is expected to develop stronger advertising across all brands.

Cadbury Schweppes set to introduce two new Hawaiian Punch flavors. The Dr.Pepper/7-UP unit is set to introduce raspberry and melon as two new Hawaiian Punch flavors. The new flavors will be sold in 20oz bottles and will be launched in the first quarter of 2003.

Media spending favors non-carbs. During the first half of 2002, both Coke and Pepsi increased spending on non-carbonated beverages. Coke’s overall media spending was down 24% but up 11.7% for non-carbs. Pepsi’s overall media spending was up by 13.8%, but up over 31% for their non-carbonated brands. Pepsi poured in over $16 million for Aquafina ads compared to Coke’s $8.5 million for Dasani, and while Coke increased its spending on Powerade by 38%, at $6.7 million, it still spent far less than Pepsi’s $88.4 million for Gatorade and Propel water ads. In juices, however, Coke outsold Pepsi. Both companies spent less money on advertising for their traditional cola brands.

Tropicana juice patent squeezed. The U.S. Patent and Trademark Office dealt Pepsico’s Tropicana division a setback over the exclusive use of a technology for blending oranges in the company’s best selling orange juice. The patent office, rejecting a claim on a November 2000 patent awarded to Tropicana, said the technology that the juice producer had wished to patent is in fact a common practice in the juice business. The patent had granted Tropicana exclusive use of four new varieties of oranges in making its Pure Premium orange juice. The ruling agreed with the Florida Citrus Mutual, a growers association, which argued that blending orange juice is a common art.

Man sues over lost teeth. A South Korean man filed a $1 million lawsuit against the Coca-Cola Korea Bottling Company claiming that the acid in the Cokes he drank each day for 30 years damaged his teeth, which resulted in eleven being pulled in the past three years. He stated that the company is responsible for ignoring its duty to inform consumers of the dental problems its product could cause. He tried to stop drinking Coke in 1999, but failed to do so, apparently due to his addiction to caffeine. A Coca-Cola spokesperson in Korea affirmed the company has fully abided by the government’s guidelines on food safety.

Lizard King goes lean. John Bello, CEO of SoBe and self-appointed Lizard King, is touting SoBe Lean Line and other health-conscious products for next year, citing zero-calorie drinks as the next big thing in the beverage industry. He cites obesity issues as a reason for a shift in emphasis on sugar-free and calorie-reduced drinks. However, at least one new age beverage executive says this is a tough strategy to pursue.

Dasani…I’m going to Disney World! Coca-Cola has made a deal to sell Dasani water at Walt Disney properties, including parks, resorts, and Disney Cruise Line. Disney will be one of the first places to sell a new 24-ounce sports package of Dasani, and will also be the recipient of additional promotional spending for Dasani at Disney-owned media properties. Coca-Cola’s relationship with Disney dates back to 1955.

Coca-Cola assists African Bottlers in Aids care. Coca-Cola said it will help its 40 bottlers in Africa offer health-care benefits for HIV and Aids, including access to costly drugs, to their employees. The mostly independent bottlers employ a total of 58,000 people. So far, the eight major bottlers representing 19 African countries, comprising 35% of the bottling work force on the continent, have agreed to participate, with the goal of 100% participation coming within a year.

Coke gets real. An advertising trade magazine reported that Coca-Cola’s strategy for the 2003 Coke Classic campaign will be based on “authenticity” and “being real.” The “Life tastes good” campaign has been used for Coke Classic since last year, although it has been off the air since September 11th.

Coca-Cola and Delta take off with holiday promotion. For the upcoming holiday season, Coke and Delta will offer $25 off round-trip air tickets in exchange for buying two 12-packs of Coke products. The national program started November 22nd and will be Coke’s biggest-ever holiday offer because it involves seven brands. Coke and Delta will share in the cost of the promotion.
More than mere water…it's Nutriwater! Coca-Cola is going with the flow in launching four new vitamin-enhanced Dasani waters, called Nutriwater, by the end of the year. Nutriwater will combine vitamins and minerals with light sweetening. The cucumber-pear flavor, for example, will include vitamins C and B and average 20 calories per serving.

7Up's out…the Mist rolls in. North Carolina based Pepsi Bottling Ventures plans to start selling Sierra Mist in New York's Nassau and Suffolk counties. This is part of the nationwide plan for Pepsi bottlers to drop Cadbury Schweppes’ 7Up in favor of Pepsi-owned Sierra Mist.

In step with Coke. A fitness program funded by Coca-Cola was launched at a school in St. Paul, Minnesota. The “Step With It” program is aimed at getting middle school students to take 10,000 steps a day. Developed by the National Association for Sport and Physical Education, the program addresses the growing concern to curb childhood obesity.

Former Dr. Pepper chairman dies. W.W. “Foots” Clements who drove a delivery truck for Dr. Pepper and eventually became chairman of the company passed away at the age of 88. He started with the company in 1935 and was chairman emeritus of the company and maintained an office at the headquarters in Plano, Texas until he was hospitalized on September 25th.

Coke unveils chamber of secrets. Coca-Cola has begun the second round of promotions and advertising tied to the Harry Potter films. “Harry Potter and the Chamber of Secrets” will have many of the same elements of the promotion as the first edition of the series. Just like last year, Coke cannot use images of Harry Potter characters on cans and bottles, though they will appear on signs in stores. Also like last year, Reading is Fundamental will benefit from the promotion as Coke supports that organization and its efforts to promote child literacy. The promotion ran from October 14th to November 22nd.

Minute Maid returns to its roots. More than a decade after leaving Florida, Minute Maid Company plans to open a $120 million citrus plant at Auburndale in March of 2003, under the management of Orlando executive Darin Rice. Brazilian–owned Cutrale company packs Simply Orange in Leesburg, Florida under contract for Minute Maid and will continue its operation there with the added production from the new facility.

Sprite remix? Trade magazine Beverage Digest reported that Coca-Cola is still looking at whether to introduce a new version of Sprite, including one possible version called “Sprite Tropical Remix.” Insiders claim that any new version or line extension would be unlikely to contain caffeine.

Changes at CCE. Shaun Higgins, president of Coca-Cola Enterprise’s European unit, will move to Atlanta to take a senior management role at CCE’s headquarters in January. He will be replaced by Dominique Reiniche, currently deputy president of CCE in Europe. Higgins took over European operations in 1999, succeeding Norm Findley.

CCBCC may exercise its Carolina option. Coca-Cola Bottling Co. Consolidated, the second-largest U.S. bottler of Coke beverages, is in talks with The Coca-Cola Company to buy Coke’s stake in the Piedmont Coca-Cola Bottling Partnership. CCBCC already owns 55% of the Piedmont Partnership that serves parts of North Carolina and most of South Carolina.

Pepsi’s got a whole new bag? Coke thinks not. Coca-Cola is suing Pepsi, claiming that Pepsi has infringed on its patented system for dispensing soft drinks in fountain machines. Coke has been in court before over the “bag-in-box” technology that the company patented in the mid-1980s. The lawsuit, filed in U.S. District Court in Atlanta, claims that Pepsi and a supplier, Rapak of Romeoville, Ill., are rolling out a third product that infringes on Coke's patents. Coca-Cola won a previous infringement complaint against a Pepsi supplier, Liqui-Box, last year. Since then, the suit claims, Pepsi and Rapak have developed two more bag-in-box devices. The lawsuit says Pepsi has started a nationwide rollout of its latest bag-in-box device, called the “New Evacubag BIB.”

ADM sours on sweetener prices. Following its acquisition of a major competitor (Minnesota corn Products), Archer-Daniels-Midland is looking for “substantially” higher prices from the major soft-drink makers for its high fructose corn syrup sweetener and hopes to open negotiations a little sooner this year than in the past. According to a report from Dow Jones, ADM is aiming to conclude negotiations with Coca-Cola and PepsiCo by the end of the year so it can hedge the corn needed to produce HFCS. High corn prices and improvements on the return on the invested capital were cited as reasons for the substantial price increases. A smaller rival in the sweetener business, Corn Products International, also has said it expects to wring higher costs from drink makers for the sweetener.
Best Wishes for a Happy and Prosperous New Year from the staff of The Coca-Cola Bottlers’ Association.

3rd row: John Sprague, Jim McLeod, Brian Petersen, Johnnie Tolden, Charles Norton
Front row: Rose Lucas, Jane Nally, Debbie Thackston, Sarah Reese, Kem Pearce, Christine Camp, Jackie Holmes.
2002 Annual Meeting

From left to right: Rich Perry (Anchorage, AK), Bill Dolsen (Yakima, WA) and Mike Vasser (Anchorage, AK).

From left to right: CCBA Executive Director Tom Haynes and Ron Hart (Santa Fe, NM).

From left to right: Jeff Deauge (Emporia, KS), Craig and E.P. Severns (Kokomo, IN) and Randy Mayo (Winfield, KS).

Norm George (Charlotte, NC).

From left to right: Don Mapel (Durango, CO), Wes Elmer (Bedford, NH), Carl Lehrkind (Bozeman, MT), Bob Bink (Escanaba, MI).

Jack Pelo (Draper, UT).
John Palermo (Bedford, NH).

I to r: Tom Haynes (CCBA) and John Alm (CCE).

I to r: Paul Wood (CCNA) and Chet Kitchings (New London, CT).

I to r: Richard and Newell Graham (Union City, TN) and Hardy Graham and Hardy Graham, Jr. (Meridian, MS).

I to r: Norm Findley, John Alm and David Van Houten (CCE, Atlanta).

I to r: Bob Browne (Oklahoma City, OK) and Frank Crabtree (Ada, OK).

I to r: Ron Wilson (Philadelphia, PA) and Larry Lordi (Bedford, NH).

I to r: Frank Harrison (Charlotte, NC) and Jack Pelo (Draper, UT).