



# The Bottling Line

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Summer 2002

## Scholars Show What Dreams Can Do

### *2002 Scholars Banquet Inspires All*

On Thursday, April 25, 252 of the finest high school students from across the nation joined the Coca-Cola system and sponsors of the Coca-Cola Scholars Foundation for an evening of celebration, reflection and inspiration. The evening's theme of "What Dreams Can Do" drew its strength from an analogy to the growth of a tree from a small seedling to a stately tree.

The audience of students, sponsors (both from the bottling system and private industry and business) and others were entertained and inspired by former Scholars and the Harmony Children's Choir. Dan Jansen, 1994 Olympic gold medal speedskater, presented the keynote address. Mr. Jansen's valiant efforts in competition earned him a place in Olympic record books. He is a 7-time overall World Cup champion speedskater and won the 1994 Olympic gold in the 1000 meter race.

This group of some of America's most impressive high school students competed for the 51 National Scholarships of \$20,000 and 200 Regional scholarships of \$4,000 during the Coca-Cola Scholars Weekend, held April 25-28 in Atlanta, GA. Scholars were chosen from an initial applicant pool of more than 91,000 representing more than 17,000 high schools nationwide. The 2002 class of Coca-Cola Scholars interviewed with a National Selection Committee comprised of a cross section of representatives of education, business, government and arts from across the country. The Committee evaluated the scholars on

their academic achievements, school and community leadership, and their desire to succeed.

Each scholar was presented the President's Student Service Challenge Scholarship that garnered each Coca-Cola Scholar an additional \$500 award, certificate and gold pin. The President's Student Service Challenge Scholarship honors high school juniors and seniors who have contributed at least 100 hours of service during the last year. It is designed to reward and encourage activities that have a significant impact in meeting the needs of local communities.

Also during the Scholars Weekend, the students participated in a community service project at an Atlanta inner-city park, working to clean and beautify the landscape and surroundings. The Scholars also visited the

The Scholars Banquet was once again a huge success. It makes you proud to be a Coke Bottler, when you see how this system can make such a large impact on so many lives. The Foundation has done an excellent job in maintaining contact with all of our previous scholars so that they have become members of the Coke Family and ambassadors of good will."

Ron Wilson  
*The Philadelphia Coca-Cola Bottling Company  
Philadelphia,  
Pennsylvania*

World of Coca-Cola, The Atlanta History Center and the Martin Luther King, Jr. Center.

The Coca-Cola Scholars Program is among the most-recognized and respected

*continued on page 2*

### **Schedule of Activities**

**July 16-19, 2002**

Full Line Vending/Food Services Seminar  
Las Vegas, Nevada

**August 8, 2002**

Purchasing Committee  
Atlanta, Georgia

**September 18-19, 2002**

On Premises Consumption Committee  
Atlanta, Georgia

**September 23-24, 2002**

CCBA 2002 Annual Meeting  
Chicago, Illinois

**September 25, 2002**

CCNA Bottler Business Briefing  
Chicago, Illinois

**October 15-16, 2002**

Fall Financial Management Forum  
Las Vegas, Nevada

**October 16-18, 2002**

Risk Management Forum  
Las Vegas, Nevada

**October 21-23, 2002**

INTERBEV 2002  
Atlanta, Georgia

**October 22-23, 2002**

Marketing Best Practices Forum  
Atlanta, Georgia

**November 6-10, 2002**

Fall Board of Governors Meeting  
Half Moon Bay, California

## Scholars *continued from page 1*

corporate sponsored scholarships in America. The program was created in 1986 to commemorate the 100th anniversary of Coca-Cola and to establish a legacy for the education of tomorrow's leaders through college scholarships. With the 2002 Class of Coca-Cola Scholars, there are now more than 2,500 Coca-Cola Scholars who have benefited from more than \$20 million in scholarship awards.

In addition to the Scholars, 252 educators across the country were chosen to receive the honor of "Educator of Distinction"—an award that recognizes outstanding teachers dedicated to providing education with an enhanced purpose.

"The Coca-Cola Educator of Distinction Award represents the selfless, hard-working and sincere dedication of the educators who win it. These teachers are committed to shaping the future of America by encouraging its future leaders," said J. Mark Davis, president of the Coca-Cola Scholars Foundation. "Coca-Cola is committed to education, and we are proud to support the

Educators of Distinction program. It is our way of saying thank you and congratulations to these teachers."

Each Educator of Distinction receives a commemorative crystal Coca-Cola bottle and a plaque inscribed with a personal dedication written by the 2002 Coca-Cola Scholar who nominated



### Our 14th Annual

Coca-Cola Scholars Banquet held on April 25th in Atlanta might have been our best yet. It was attended by almost 900 guests made up of Bottler Representatives, Coca-Cola Company executives, Suppliers, Scholars, National Selection Committee, and guests. This year's great class of 252 Scholars was most impressive as they entered the banquet hall from back-stage. They were also impressive as we visited with them through dinner and the weekend. Scholars from previous years conducted almost the entire program. They are indeed making us proud. Dan Jansen gave a very entertaining and inspirational talk and the "Young Folks" were especially impressed. A highlight of the evening was the appearance of Steve Heyer who briefed a room full of Sponsors, Bottlers, and Company Executives during a special reception. In addition to his remarks, he fielded interesting questions from the group. Next year marks the 15th Class of Scholars and will bring the total to over 2,750. We are planning big things to help celebrate and focus the media on our great program. We hope you will be there to help out with the celebration!

*H.L. Sandy Williams, Jr.  
Corinth Coca-Cola Bottling Works, Inc.  
Corinth, Mississippi*

the teacher. Each year, the outstanding high school seniors chosen by the Coca-Cola Scholars Foundation to receive college scholarships then nominate the teacher that inspired and encouraged them most as their Educator of Distinction.



1994 Scholar Leslie Truitt (Atlanta, GA), and Walker Jones, CCBC United (Birmingham, AL)



Scholars Kris Lazzaretti, (Sterling, CO) and Elizabeth Tosh, (Azle, TX), join Sandy Williams, center (Corinth, MS).



Barbara Seamster, CCBC Consolidated (Greensboro, NC) with Emily Cupito (Greensboro, NC) 2002 Scholar.





Paul Lukanowski, Swire Coca-Cola (Salt Lake City, UT) and Frann Bonk, Philadelphia CCBC (Philadelphia, PA).



Jack Pelo, President, Swire Coca-Cola (Salt Lake City, UT) with Adrienne McCauley (Winslow, AZ), 2002 Scholar.

☺  
"I greatly appreciated the opportunity to attend the Scholar's Banquet. Central Coca-Cola Bottling Co., Inc. had two scholars and the chance to meet and talk with them was truly memorable. With all the negative information concerning our youth, it was nice to learn our future will be in good hands."  
Larry Caramela  
Central Coca-Cola Bottling Company, Inc.  
Richmond, Virginia

*See pages 9 and 10  
for a list of the  
2002 Coca-Cola  
Scholars*

## Technology Forum Convenes

The Technology Forum of The Coca-Cola Bottlers' Association met on May 7-8 at The Coca-Cola Company in Atlanta. The importance of the meeting was established in the opening comments from Tom Haynes, CCBA, and Scott Johnson, TCCC. The capability to work with technology will define competitiveness in the future. It has become a critical tool of efficiency and effectiveness.

John Hackett, Senior Vice President of Strategic Planning for Coca-Cola North America, spoke to the group about the role of technology as an enabler of strategy. The complexity of servicing our customers has increased, requiring changes to our customer service strategy. John shared empirical data that showed that Coca-Cola's business relationships are not significantly different from Pepsi. Without improvement on the "blocking and tackling" fundamentals such as ordering and delivery, pricing and invoicing, equipment placement and service, dependability and reliability, brands and packages,

it is going to be difficult to achieve the collaboration and alliance necessary to be considered "easy to do business with." Hackett stated, "The more we differ on things that don't matter, the less future ability we will have to differ on things that do matter."

The Committee also received updates on where The Coca-Cola Company is with respect to Gearbox (electronic business capability). All bottlers now have the capability to participate in Gearbox to send and receive any EDI document the customer wants to use. Jim Bowen, CCNA, also explained how Gearbox 2 (electronic bottler pricing) worked. Finally, the attendees were given a look into what Gearbox 3 promises: a tool whereby customers can receive consolidated invoices and send consolidated payments to Coca-Cola Bottlers.

The attendees also received an update on The Coca-Cola Connection, an online repository of marketing and sales information providing open access to a mobile workforce. Linda Peluso, CCNA, spoke about the changes in marketing communications to provide timely and concise communication of CCNA Bottle/Can marketing priorities and programs to

facilitate in-market execution by the system. Steve Fox told the group about Coke.net, the online e-business strategy activation for Coke Fountain.

The Forum featured a trade show and information exchange, allowing the attendees to experience first hand the products of The Coca-Cola Connection/Marketing Communications, Coke.net, On-line Training (TCCC), Gearbox, Bottler Systems, Inc. (BSI), Salient Corp. (Margin Minder), VALUE, Compaq and IBM.

On the second day, presentations were made on the benefits of online training, proper information security and an update on the existing and emerging technologies pertaining to the Wal-Mart account.

The presentations and other information distributed at the Technology Forum can be found on the Association's website at [www.ccb Janet.com](http://www.ccb Janet.com) under "Committees". You will need a password to access the site and one may be obtained by contacting Brian Petersen at CCBA ([bpetersen@ccb Janet.com](mailto:bpetersen@ccb Janet.com)).

# Optimization of Warehouse Order Picking:

## *A Model for System Innovation*

The Coca-Cola Bottling Company of Northern New England (CCNNE), Advanced Process Combinatorics (APC), and The Coca-Cola Company have partnered to develop Dispatch Planning Software (DPS), also known under APC's tradename PickSmart. Over the past five years, Engineering Development within The Coca-Cola Company has been working to identify and develop innovative technologies in the distribution and production areas that could lead to a competitive advantage and potential for significant cost savings within The Coca-Cola System. APC's pre-eminent position in the world of algorithm engineering for scheduling led to The Coca-Cola Company's sponsorship of work to create software to optimize warehouse manual and layer picking operations. An algorithm is a recipe for turning information into real-world actions, such as how to best pick a set of orders. Originally, the work with APC focused on integrating the picking software with an automated robotic system, but it was later identified that optimizing the current methods of warehouse picking could bring great savings to the system without a large capital investment. Utilizing the real-world expertise of CCNNE, DPS system development was initiated in June 2000 with the first commercial installation in December 2000 at CCNNE's new bulk sales & service center located in Londonderry, NH. During the course of the CCNNE installation, APC incorporated dozens of suggestions

from CCNNE pickers and management, so that the DPS system is one that has been refined for beverage distribution by people with years of experience in the system.

The basic bulk module, installed in December 2000, sorts the orders by pick area, creates stable pallet loads, and enables paper pick tickets to be printed in a format most natural to the pickers. This is similar to the functionality that is currently in Basis software, which is commonly used by many Coca-Cola bottlers. Unlike Basis, the pallet loads and the print tickets in manual picking are optimized based on the layout of the picking area.

In June 2001, radio frequency (RF) communication modules were installed for the manual and layer picking areas. This was accomplished via Intermec touch-screens mounted on CCNNE's pallet jacks and fork trucks. The modules enabled the transmission of work to the pickers to be paperless and completely automated, and allowed the dispatcher to set order priorities which are instantly communicated to the pickers. In the manual area, the pickers can record pick shortages with their on-screen displays which are reflected on the printed tickets. In layer picking, the system creates an optimized real-time sequence with pick-by-pick instructions utilizing the proprietary APC solver technology. The system re-optimizes the sequence as additional orders are received. Also, in layer picking, the system automatically creates the work list for the fork truck

driver to replenish stock pallets and remove finished pallets. With the RF modules, the dispatcher can determine the current state of the picking areas, where the pickers are in completing the current orders to be picked, and determine worker productivity in real-time.

The realized benefits of the system at CCNNE have been extensive. First, the time required for the warehouse supervisor to organize and dispatch orders has been significantly reduced. Second, picking accuracy has increased leading to a virtual elimination of picking errors. Third, picker training time has been significantly reduced which has led to comparable efficiencies in significantly reduced time periods. Finally and most importantly, productivity has increased significantly. In the handpick area, rates have increased to 260-280 cases/hr compared to historical rates of 200 cases/hr. In the layer pick area, rates of 1600 cases/hr for bottles and 2200 cases/hr for cans have been consistently documented.

The Coca-Cola Company has funded the development of DPS with the help of CCNNE and APC. The Coca-Cola Company has committed to continued support of the development of DPS as the number of commercial implementations of DPS grows. The Company plans to expand system functionality into areas that are needed by the bottlers, and will partner with bottlers as they commercialize DPS to develop enhanced functionality. As additional DPS systems are installed and experience is gained, the DPS system promises to grow in capability and effectiveness, as one of APC's principal strengths is rapid and continuous enhancement of algorithm-engineered products.

For more information on DPS/PickSmart or to arrange a visit to CCNNE, please contact:

Todd Robertson-CCNNE,  
603-621-6507

Stephen P. Lombardo-  
The Coca-Cola Company,  
404-676-0541

Joe Pekny-APC,  
765-497-9969

*NOTE: Data relative to any efficiencies resulting from the implementation of DPS at CCNNE was provided by The Coca-Cola Company.*



Jim Skarb is presented a plaque honoring him for service as Chairman of the Cold Drink Equipment Subcommittee. Art Gregory, former CCBA Executive Director, presents the plaque.

## Distribution Committee Meets

The Distribution Committee of The Coca-Cola Bottlers' Association met on March 27-28 at Coca-Cola Enterprises' Sales Center in Athens, Georgia. Chairman Ron Wilson (Philadelphia) started the meeting with a brief discussion about the mission and goals of the Committee, as well as what topics should be covered at future meetings such as benchmark surveys, measuring KBI's and what KBI's to measure. Going forward, the Committee's focus will be on the following items:

- Bringing industry innovations before the committee.
- Sharing best practices
- Developing a common language
- Building relationships and networking opportunities

On the first day, the committee heard presentations from Coca-Cola Consolidated on wireless vending, uses of DEX data by Coke Puerto Rico, "just in time" delivery to satellite warehouses from Oklahoma City, and warehouse custom ordering systems from Coca-Cola Northern New England. The first day concluded with a tour of the Athens Sales Center, with

particular focus on the innovative loading and delivery practices that CCE has instituted there.

Day two built on the first day as the Committee was given in-depth details about the modified sideload and order fulfillment system changes at CCE. Utilizing a 28' or 35' rear entry van body type vehicle with a high speed lift gate and mini pallet containers, OFS is delivering on the promise of lower costs, reduced workers' compensation claims and improved productivity and morale.

The meeting ended with the attendees going into the trade and witnessing first hand the distribution of product with the modified sideload trailers at the Athens Sales Center.

While nothing compares to the experience of being there, a copy of the presentations made at the Distribution Committee can be found on the Association's website at [www.ccb Janet.com](http://www.ccb Janet.com) under "Committees." You will need a password to access the site and one may be obtained by contacting Brian Petersen at [CCBA \(bpetersen@ccbanet.com\)](mailto:bpetersen@ccbanet.com).

## Hurry! Full Line Vending Seminar Just Around the Corner

The annual Full Line Vending Seminar of The Coca-Cola Bottlers' Association is July 16-19, in Las Vegas, Nevada. The Seminar agenda offers in-depth presentations by experts on topics which hold both immediate and long-term relevance. Also included is an abundance of round-table discussions on carefully targeted issues of universal importance to full line and food service operations across the country.

If for some reason you have not received registration material, please call either Kem Pearce or Charles Norton at the Association at 404.872.2258 right away!

## IN MEMORIAM

### Douglas A. "Doug" Taylor

Doug Taylor, 80, of Naples, FL, died May 3, 2002. He is survived by his wife of 59 years, Dorothy W. Taylor, his son Brad and his daughter Chris and their families. Doug was the former Chairman and President of the Coca-Cola Bottling Company of Rhinelander, Wisconsin, a family business acquired in 1905 and sold in 1986. He was a member of the Board of Governors of The Coca-Cola Bottlers' Association for 28 years, serving as its President for two terms. He also served on the Board of the National Soft Drink Association.

### Duke Kitsmiller

Duke Kitsmiller died on February 17, 2002. Born in Cincinnati and a graduate of the University of Cincinnati, Duke began as a field representative for Coca-Cola Bottling Company (Thomas), Inc., in 1952. He rose through the ranks to Senior Vice-President, Sales, for the Thomas Companies. After the sale of Coca-Cola (Thomas) to The Coca-Cola Company, Duke continued his career at The Company primarily in bottling-food retailer relations. He retired after forty years of service and returned to Chattanooga.

A memorial scholarship fund has been established in Duke's honor at the Coca-Cola Scholars Foundation by the Benwood Foundation. Anyone wishing to remember Duke is encouraged to contact Mark Davis at the Scholars Foundation, 404.733.5432.

### William Mark "Billy" Mauldin, Jr.

Billy Mauldin, Jr., Rock Hill, SC, died March 23, 2002 at the age of 88. Mauldin was a son of the late William Mark Mauldin, Sr. He graduated from Winthrop Training School and the University of Virginia, where he was a member of the Sigma Chi Fraternity. He enlisted in the Army Air Corps during World War II and served as a tail gunner in the European Theater. After the war he returned to Rock Hill and went to work for his father at the Rock Hill Coca-Cola Bottling Company. He succeeded his father as the company's president, a position he held until his death.

Memorials may be made to the Presbyterian Home of South Carolina, care of Providence Presbytery, 515 Oakland Ave., Rock Hill, SC 29730, or to the Salvation Army, 119 Charlotte Ave., Rock Hill, SC 29730.



## Birmingham Coca-Cola Bottling Company Marks its 100th Anniversary

It's been 100 years since the Birmingham Coca-Cola Bottling Company produced and sold its first bottle of what is now the best selling soft drink in the world. Birmingham Coke is among the first to reach centennial status.

"As home to one of the first franchise bottlers, Birmingham shares a rich history and heritage with Coca-Cola," said Claude Nielsen, President and CEO, Coca-Cola Bottling Company United, Inc. "Over the past century, we've been refreshing the citizens and local businesses of Birmingham as they've built a vibrant community, and it's only fitting that they celebrate this milestone with us, so we've got quite a birthday celebration planned." As part of that celebration, Birmingham Coke has hosted "The World of Coca-Cola on Tour."

Through acquisitions in the 1970's, 1980's and 1990's, Coca-Cola Bottling Company United, Inc. has grown to become the third largest Coca-Cola Bottling Company in the United States, serving a population of almost 5,000,000 across its several regions.

The Coca-Cola system applauds Birmingham Coca-Cola and Coca-Cola Bottling Company United for this most noteworthy achievement.

## Working to Increase Our Value to Members

In May, your Association sent a "Survey of Insurance Programs" to all Association Members. The survey is part of CCBA's ongoing efforts to identify potential opportunities for increasing the benefits and value of CCBA's insurance programs. To that end, one possibility that has been considered is substantially expanding the scope of those insurance programs to include more of the coverages that CCBA Members are currently purchasing. Because information gathering is an important first step in such an endeavor, the Association must first learn what needs its Members have, second, whether and how those needs are currently being met, and third and most important, whether or how the Association can meet those needs for its Members more efficiently while simultaneously adding even greater strength to the Coca-Cola bottling system.

The Association's Staff and Executive Committee encourage you to complete and return the survey if you have not already done so. If you have not received a survey, or if you have any questions related to the survey, please contact either John Sprague or Charles Norton at the Association at 404.872.2258.



*Members of the Association's Board of Governors gather in Atlanta for their Spring Meeting.*

*From l-r: Front Row: Kirk Tyler (Wauke, IA); J. Frank Harrison, III (Charlotte, NC); Wes Elmer (Bedford, NH); J. Steven Ennis (Tullahoma, TN); Carl Lehrkind, III (Bozeman, MT); CCBA Executive Director (retired) Art Gregory; Sandy Williams (Corinth, MS).*

*Middle Row: Hager Rand (Durham, NC); Ed "Cookie" Rice (Springfield, MO); David Van Houten (Atlanta, GA); Jack Pelo (Draper, UT); Claude Nielsen (Birmingham, AL); Neil Barry, Jr. (Middlesboro, KY); Bob Browne (Oklahoma City, OK); Cy Chesterman (Sioux City, IA).*

*Back Row: John Sprague, CCBA Chief Financial Officer; Jim Grantman (Red Wing, MN); Albert Clark (Starkville, MS); Ron Wilson (Philadelphia, PA); Norm Findley (Atlanta, GA); Charles Norton, CCBA General Counsel and Corporate Secretary.*

## Connecting with Customers Continues Expansion

As of May 2001, 90% of all Bottlers across the United States had begun deployment of "Connecting with Customers," a training tool which aids Sales Managers, District Managers, and Area Managers across the country in coaching their associates on how to sell more Coca-Cola products. The objective of the tool is to teach Bottler managers and associates to become more effective in communicating with their customers, to understand customer needs, and to identify opportunities for creating maximum value for both the Coca-Cola System and the customer. Connecting with Customers is designed to not only develop sales associates' customer interaction skills, but to also enhance a manager's ability to coach their associates. The following comments were made by Bottler representatives about their experiences with the program:

"Connecting with Customers has been very well received at CCNNE's 15 sales centers. This is the first formalized training program targeted toward our advanced salesmen that we have implemented in a long, long time. The training modules are well done, fast paced and to the point. Each session provides a hard copy handout of the key learning materials for each person to take home. We start each session with our sales people sharing their experiences of how they put the previous week's module and learnings into practice. Our managers say that the Connecting with Customer program has provided a nice forum for their sales teams to discuss sales issues, to exchange ideas and to focus on opportunities in our market place.

All in all, pretty good stuff. I know we are going to have better people for having implemented this program."—Larry J. Lordi, VP of Marketing, Coca-Cola Northern New England.

Another bottler says, "The training has done good things for our group. In weekly sales staff meetings it's great to hear the staff talking about gate keepers, decision makers and it gets their minds working on how to fill the gaps with their customers! CwC has really helped the managers excel in

their development and now they are asking the hard questions to sales associates."—Mike Vasser, Odom Corporation.

"Our response has been very positive from rookies to 35 year vets in our entire Track I and Track II presentations. The field presentation follow-up is great. The real test will be when we start the 2nd round of the semesters next year. I think initially we are off to a good start."—Paige Cutcliffe, Director of Organizational Development, Coca-Cola Bottling Company United East.

In addition to our bottling system, 100% of CCF associates and CCNA's CAMG associates are also in the middle of their deployment. The program is designed to be a system-wide approach to our business, designed to allow Bottlers to communicate and plan more effectively with mutual customers across our system. For example, Key Account Managers calling on Wal-Mart are encouraged by the fact that NAE's in Bentonville, Arkansas are going through the same course.

Shane Menard, a BDM from Coca-Cola Bottling Company United, Baton

Rouge, states, "it's great to know how they (NAE's from the Wal-Mart Team) are trying to connect to the customer, so we can all be on the same page. Tools such as the Business Fit and resource matrix will be very helpful at the store level as well as the division and corporate level in selling in system-wide programs".

If you have not signed up for Connecting with Customers but are interested in learning more, you should note the following. Although the May deadline for signing up for Connecting with Customers with CCNA's deployment support has passed, please do not hesitate to contact Joyce Schwertfager at 561.865.2955. Joyce is one of two CCNA CwC learning managers in the country and can assist you with questions and/or information regarding the on-boarding of CwC in your organization. Although CCNA cannot guarantee full support at this time, they will do their best to accommodate you based on current capacity levels and resources.



*Members of the Insurance, Services and Loss Control Committee gather in Atlanta for their Spring meeting along with CCBA Staff and outside insurance consultants.*

*From l - r: First Row: Jeff Odom (Birmingham, AL); Jimmy Briggs (Bowling Green, KY); Vice Chairman Mike Thompson (Richmond, VA); Now-retired CCBA Executive Director Art Gregory.*

*Middle Row: Mark Byers (Charlotte, NC); CCBA Products Liability Claims Manager Jim McLeod; Debbie Myles (Birmingham, AL); Christine Buckley (Draper, UT); Elbert Mullis (Birmingham, AL, now retired).*

*Back Row: Jim Bailey and Joe Whitfield, Pritchard & Jerden (Atlanta, GA); Jim Sentell (Huntsville, AL); CCBA Employee Benefits Manager Dan Gundaker; CCBA Chief Financial Officer John Sprague; Committee Chairman Jim Grantman (Red Wing, MN); Bob Brown (Sacramento, CA).*



PET collection in action at Raley Field, Sacramento, CA.

## Developing a “PET Plan”

With PET bottle recycling rates in decline and growth for single-serve PET still strong, NSDA’s Board of Directors is concerned that this issue poses a significant threat to the industry. In response, the Board directed NSDA to analyze all of the issues related to PET and develop options to address the potential threat to this package.

Single-serve PET bottles represented the dominant engine for beverage sales growth over the past decade. The package has created new opportunities for marketing and given consumers more flexibility in where and how they consume beverages on the go.

With these opportunities have come challenges, however. One consequence of this rapid sales growth is a decline in the rate of PET recycling. While the actual amount of PET recycled continues to grow each year, sales growth has been more rapid, and recycling has simply not been able to keep pace with the dramatic increase of PET in the market.

The increase in consumption away from home undoubtedly contributes to lower recycling rates. Residential recycling programs that have broadly embraced PET as an important component of the recyclables stream are only useful if the containers are consumed in or returned to the home. With more and more consumption away from home, many PET bottles never have a chance to make it into the recycling system. Second, a lot of the

new PET bottles contain noncarbonated beverages, which consumers are less likely to associate with recycling. Finally, the public is less likely to recycle unfamiliar packages. While consumers universally associate two liter soda bottles and milk jugs with plastic recycling, many do not make the connection that similar bottles in other sizes are equally recyclable through existing programs.

There is no silver bullet to solve this problem. A range of responses will be necessary to create the infrastructure to ensure that consumers have the opportunity to recycle and the motivation to ensure that consumers are aware of and will take advantage of those opportunities. While we know the most about residential recycling programs and how they work, these programs can only capture a portion of the PET. We must take this opportunity to begin to learn more about how recycling away from home can best be accomplished.

At a special meeting in February, NSDA staff presented an assessment of the threat and a range of possible approaches. The audience of Board members and representatives of government affairs and environmental affairs staffs at the member companies reached some consensus on the most promising options. Subsequently, NSDA prepared a plan to enhance PET recycling that was endorsed by the Board at its April meeting.

Over the next year, NSDA will implement phase one of the PET Plan. These initial efforts consist of pilot projects to learn more about how various elements interact to produce higher recycling levels and to investigate new approaches.

Households remain the largest single source of PET, so an important component of the plan is directed at enhancing recovery of PET through residential curbside programs in selected markets. Building on existing infrastructure, these projects will use incentives, education, and media to increase recovery of PET from homes. Within these selected markets, NSDA will concurrently initiate pilot programs in settings including stadiums, universities, malls, and office complexes, in order to assess the effectiveness and efficiency of collection in these different venues.

Separate research will evaluate a number of program elements related to recycling education, incentives, litter programs, recycling bins and products containing recycled PET.

At the conclusion of this first phase, NSDA will report findings and recommend modifications to the project. While we would welcome immediate and dramatic results, NSDA and the Board recognize that the issues are complex and that change will be gradual. What we learn from this initial phase will be critical in shaping effective and sustainable programs in the future.



New industry sponsored PET collection program at Sacramento, California’s Raley Field.

# The 2002 Coca-Cola Scholars

## ALABAMA

\*Benjamin Obomanu  
*Selma, AL*  
Christopher Austin  
*Dothan, AL*  
Gwendolyn Day  
*Phenix City, AL*  
Toni Deveridge  
*Goshen, AL*  
Clinton Light  
*Arab, AL*  
Alexis Mason  
*Town Creek, AL*  
Megan May  
*Roanoke, AL*  
Elizabeth Utley  
*Greenville, AL*  
Michael White  
*Athens, AL*

## ALASKA

Evangeline Pattison  
*Nikiski, AK*

## ARIZONA

Adrienne McCauley  
*Winslow, AZ*

## ARKANSAS

Tory Hodges  
*Alpena, AR*

## CALIFORNIA

\*Danielle Iwatsu  
*San Diego, CA*  
\*Julia Rasooly  
*Lafayette, CA*  
Heather Bowerman  
*Clovis, CA*  
Hang Chau  
*San Diego, CA*  
Lisa Chen  
*Baldwin Park, CA*  
Raymond Crosby  
*Bakersfield, CA*  
Gregory Johnson  
*Los Angeles, CA*  
Steve Lee  
*Yuba City, CA*  
Camilla Liou  
*Walnut, CA*  
Cameron Ross  
*Stockton, CA*  
Stacey Rotta  
*Quincy, CA*  
Shanam Saini  
*Santa Clara, CA*  
Shruti Saini  
*Tracy, CA*  
Eugenie Shieh  
*Huntington Beach, CA*  
Adam Stites-Hallett  
*Lake Arrowhead, CA*  
Dana Ung  
*San Diego, CA*  
Thuy Vu  
*Pomona, CA*  
Lulu Wang  
*Huntington Beach, CA*  
Allison Woo  
*Orange, CA*

Tena Worku  
*San Diego, CA*  
Jiayi Xu  
*San Francisco, CA*  
Xiang Yu  
*Los Angeles, CA*

## COLORADO

\*John Bales  
*Brighton, CO*  
Kristina Garcia  
*Pueblo, CO*  
Kris Lazzaretti  
*Sterling, CO*  
Jarod Roberts  
*Leadville, CO*

## CONNECTICUT

Swati Deshmukh  
*East Lyme, CT*  
Matthew McCarty  
*Wallingford, CT*  
Rachel Winch  
*Manchester, CT*  
Garrison Woodfield  
*West Hartford, CT*

## DELAWARE

Elizabeth Wong  
*Wilmington, DE*

## DISTRICT OF COLUMBIA

James McClelland  
*Washington, DC*

## FLORIDA

\*Giovanni Casanova  
*Lehigh Acres, FL*  
\*Venis Wilder  
*Plantation, FL*  
Christin Caruso  
*Delray Beach, FL*  
Lara Collazo  
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Chris Kirkham  
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# Caps and Comments

**Coke ads for Winter Olympics score well.** Coca-Cola was included among those marketers that departed with Gold medals because their commercials had the greatest recall with consumers. In Coke's case, consumers reacted well to the ad showing a Russian hitchhiker stopping a truck driver by holding out a bottle of Coke. □

**Coke appoints Information Officer.** The Coca-Cola Company has named Jean-Michel R. Aries, Chief Information Officer. Most recently, he served in the same position at General Electric Power Systems. □

**Compensation for Daft.** The annual compensation for Chairman and Chief Executive Officer Doug Daft totaled \$5.1 million in 2001, up about 16%. In the meanwhile, Coke stock declined 22.6% in 2001, while worldwide sales volume grew a modest 4%. Part of Mr. Daft's pay package also includes one million performance-based, restricted shares. A year ago, a similar restricted share award was approved but it was tied to growth targets of at least 15% and earnings per share over a five-year period. This year's shareholders' proxy shows the amount has been lowered to 11%. The one million stock options that Mr. Daft received reportedly has a potential value of more than \$153 million. All told, he received a compensation package valued at more than \$200 million last year. □

**Employees sue CCE in California.** Coca-Cola Enterprises has been hit with three Class Action lawsuits totaling \$200 million in claims in southern California. The lawsuits claim that CCE's local operation retaliated against nine former and current staffers who attempted to end an alleged practice of CCE curtailing overtime wages from the paychecks of hourly employees. CCE paid \$20.2 million last year to settle a class action suit filed on behalf of salaried account managers and merchandisers, also in California. □

**Pepsico CEO's bonus increases.** Steve Reinemund, Pepsico's CEO, earned a \$3.5 million bonus last year which was 57% more than he received in 2000. He also received options that could be worth as much as \$197.6 million, assuming Pepsico shares grow 10% annually during the life of the grant. □

**"Red Fusion" to launch in mid-July.** Dr Pepper/Seven Up, Inc. is joining the flavored carbonated soft drinks battle by announcing that it will introduce Red Fusion, adding it to its Dr Pepper soft drink lineup in July—after Coca-Cola's Vanilla Coke and approximately one month before Pepsi plans to introduce its Pepsi Blue. Red Fusion will be the first new flavor addition to the Dr Pepper line since the product was introduced 117 years ago. It will be available in 12-packs of 12-oz cans, 2L plastic bottles and 20-oz. single serve plastic bottles. The Company anticipates more package sizes will be available about four weeks after the initial launch. □

**Nescafé testing self-heating can.** Nescafé is testing a self-heating can developed by Thermotic Developments Ltd. of Britain. The can is being touted as an optimum means of having Nescafé hot coffee when you want it. Hopes are that this attempt will prove to be a safer, more reliable self-heating can than yielded by an earlier effort. A can of Nescafé Hot When You Want coffee costs roughly the same as a mid-size latte at a London Starbucks. □

**Coke and Danone agree on Evian distribution, bottled water joint venture in North America.** The Coca-Cola Company and Groupe Danone S. A. have entered into two separate agreements relating to the sale of Danone waters in the U.S. Coca-Cola Bottlers already distribute Evian in Canada and in 60% of the United States. Coke and Evian have a 10-year business plan which includes plans to combine marketing efforts. The first agreement will allow Coke to handle marketing, sales and distribution of imported Evian mineral waters throughout North America. In the second agreement, Coca-Cola and Danone entered into a joint venture for the production and sale of Danone's U.S.-based spring and processed waters (including Dannon, Sparkletts, Aqua Pure and various private label brands). Coca-Cola will have a 51% interest in the joint venture and will act as the managing partner. □

**Coke Introduces a bottle for two.** Coca-Cola has introduced a "share size" bottle and corresponding ad campaign in the United Kingdom. The 1.5L-bottle is intended for two people to share in the same way a family might share a larger bottle. The package size is intended to appeal to couples without children and single people who may share a home with a roommate. The April kick-off campaign included humorous posters and radio spots featuring people sharing various odd things such as a toupee, underwear and a shirt. Early reports are that the campaign has been well received. □

**Coke mixing with Seagram's.** Coca-Cola has reached an agreement to buy the Seagram's line of mixers from Diageo's. Although the Company has not disclosed the purchase price, estimates are between \$80 million and \$90 million. The mixers include ginger ale, club soda, seltzers and tonic water. Coca-Cola Bottlers currently produce and distribute about 75% of the volume of Seagram's mixers in the U.S., selling approximately 30 million cases in 2001. □

**Pepsi Blue introduced.** In a surprise announcement, Pepsi Cola introduced its new "Blue" to combat Coca-Cola's Vanilla Coke. "Blue" is a berry flavored cola that is scheduled to hit the market in early August. Pepsi kept the new beverage a secret, even from bottlers, until its introduction. □

**Pepsi plans to acquire Mexican Bottler.** Pepsi Bottling Group, Inc. has announced that it has tentatively agreed to acquire the biggest bottler of Pepsi drinks in Mexico from its two main owners. The deal, however, is subject to due diligence to be conducted by PBG. Mexico is the second largest soft drink market in the world. The Bottler, Pepsi-Jemex S.A., based in Mexico City, is the second largest bottler of Pepsi drinks outside the United States. It also owns Mexico's largest purified water company, Electropura. □

**Riverwood International to file for IPO.** Riverwood International's parent has filed for an initial public offering of \$350 million worth of shares. Riverwood is best known for its cardboard beverage packaging. Its major customers include Coke and Pepsi bottlers as well as Anheuser-Busch and Miller Brewing. □

**Heyer named to run Coke's Latin America operation.** Steven Heyer was named in late April to run Coke's Latin America Operations. The job was previously held by Jeff Dunn who will continue his responsibilities as head of Coke's North America Operations while adding Minute Maid North America to that list of responsibilities. Heyer will continue his responsibility over Minute Maid's global operation. He will also continue in his position as President of Coca-Cola Ventures, the job he was initially retained to handle in 2001. □

**CCE brings fridge pack to Atlanta store shelves.** Touted by the *Atlanta Journal Constitution* as "The biggest change in packaging since Coke Bottlers switched to the so-called contour plastic bottle more than nine years ago," CCE introduced the fridge pack to Atlantans on May 1, 2002. The new format, which uses two rows of six cans, is a package that is shorter and deeper and fits more easily into refrigerators. Following on the proof of success in the package established by Coca-Cola Bottling Company Consolidated, CCE moved forward with the new package in the Atlanta market. Lauren Steele, spokesman for Coke Consolidated, described the new package as being "like a mini vending machine." □

**PepsiCo Chairman and CEO Steve Reinemund expects sales to accelerate throughout the year, predicts 6 to 7 percent growth for the company.** PepsiCo's first quarter sales rose 4.9 percent to \$5.10 billion from \$4.86 billion. PepsiCo reported an earnings increase of 14 percent in the first quarter and further reported that first quarter net income climbed to \$651 million, or 36 cents a share, from \$570 million, or 32 cents a share, one year ago. At Pepsi Cola North America, case sales grew more than 4.5 percent in the quarter with concentrate shipments rising more than 4 percent. □

**Coke shelves advertising.** The Coca-Cola Company has announced that it is putting on hold its new ad campaign for Coke classic. The Campaign was scheduled to debut this spring but has been delayed until late summer or early fall. Although it plans to move forward with substantial advertising for Vanilla Coke this summer, and for summertime promotions tied to food and music, the Company will likely not unveil a major brand-building campaign until later. □

**Coke first quarter earnings fall short.** Coke's worldwide sales volume grew more than 5% for the first quarter of 2002, influenced primarily by its results in key markets such as Mexico, Japan, Germany and the United States. Coke reported a net loss of \$125 million, or 5 cents per share, for the first quarter of 2002, owing primarily to an accounting change. Coke's stock earned 37 cents per share. Analysts were expecting a 38 cents per share earnings. □

**Coke's annual meeting moved to New York.** Wednesday, April 17, 2002, saw a move of Coca-Cola's annual meeting to New York City. The meeting featured celebrities ranging from sports legends to rock stars. The Company elected two new board members – Home Depot CEO Bob Nardelli and USA Networks head Barry Diller. Attendance at the meeting was approximately 1,200, which is roughly double the average ordinary turnout. The meeting included, among others, Muhammad Ali and Cal Ripken along with rock star Jon Bon Jovi. Held at Madison Square Garden, the meeting is estimated to have cost more than \$5 million. □

**CCE announces earning.** CCE reported earnings of 2 cents per share in the first quarter of 2002 compared to the analysts expectations of a 2 cent per share loss. CCE's revenues were \$3.64 billion for the first quarter, up 9 percent from a year earlier, or up 3 percent when including the results of the acquisition of the Herb Group. Net income for the Bottler was \$9 million for the quarter, up from a loss of \$402 million a year earlier. □

**Cargill to eliminate 200 jobs.** Cargill, Inc., the largest US agricultural company, plans to eliminate 200 of the 460 jobs at an Indiana sweetener plant acquired when it gained control of Cerestar of France. The positions will be eliminated by firings, early retirement and transfers of personnel to other Cargill plants. Cargill, the largest maker of corn-based sweeteners in North America, last month bought a 73 percent stake in Cerestar for \$1.18 billion in cash and assumed debt. □