



Steve Kelly
General Manager
Northern California Market Unit

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January 30, 2015

City Of Berkeley
1947 Center Street
Berkeley, CA 94704

Dear Valued Customer,

The Sugar-Sweetened Beverage Distributor Tax ("SSB Tax") is a general fund tax adopted by the voters in November 2014 on the distribution of "sugar-sweetened beverage products" in the City of Berkeley. The SSB Tax applies to any beverage with one or more caloric sweetener added, and which contains at least 2 calories per fluid ounce, including the syrup used to make the fountain version of these drinks. "Sugar-sweetened beverage" includes, but is not limited to, all drinks and beverages commonly referred to as "soda," "pop," "cola," "soft drinks," "sports drinks," "energy drinks," and "sweetened ice teas."

The following beverages are exempted from the tax:

- 100% fruit and vegetable juice
- Any beverage in which milk is the primary ingredient
- Any beverage for medical use
- Any liquid sold for weight reduction and/or meal replacement
- Infant and/or baby formula
- Any alcoholic beverage
- Some coffee drinks

The rate of the SSB Tax is one-cent per fluid ounce of finished beverage. The tax is payable by the distributor, on the first distribution of taxable product in the City. Although the tax took effect on January 1, because the City had not developed complete information for taxpayers by that date, the first month during which distribution will be taxable is March 2015.

BCI Coca-Cola Bottling Company of Los Angeles ("BCI") will be fully compliant with the SSB Tax ordinance on the payment of the tax, and will become registered as a distributor. In response to the requirement to pay this new tax in connection with our transactions, BCI will be adding a surcharge for products that fall within the scope of the ordinance.

Effective March 1st, 2015, invoices from BCI will reflect a surcharge labeled "*BRKLY SSB SURCHG.*" The surcharge will be calculated in accordance with the Berkeley ordinance and will apply to non-exempt products containing at least 2 calories per fluid ounce.

We remain committed to providing our customers in Berkeley with the highest quality service and beverage products. The City of Berkeley has posted "[Frequently Asked Questions](http://www.ci.berkeley.ca.us/Finance/Home/Business-Related_Taxes.aspx)" about the Sugar Sweetened Beverage Tax on their website: http://www.ci.berkeley.ca.us/Finance/Home/Business-Related_Taxes.aspx. The City has indicated they will place additional information on their website as it becomes available. Please do not hesitate to contact me or your account team if you have questions.

Sincerely,

Steve Kelly

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