

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended July 3, 1994

Commission File Number 0-9286

COCA-COLA BOTTLING CO. CONSOLIDATED

(Exact name of registrant as specified in its charter)

Delaware	56-0950585
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1900 Rexford Road, Charlotte, North Carolina 28211
(Address of principal executive offices) (Zip Code)

(704) 551-4400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1)
has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such
shorter period that the registrant was required to
file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each
of the issuer's classes of common stock, as of the
latest practicable date.

Class Outstanding at August 5, 1994

Common Stock, \$1 Par Value	7,958,059
Class B Common Stock, \$1 Par Value	1,336,362

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
In Thousands of Dollars

	July 3, 1994	Jan. 2, 1994	July 4, 1993
ASSETS			
Current Assets:			
Cash	\$ 2,098	\$ 1,262	\$ 1,932
Accounts receivable, trade, less allowance for doubtful accounts of \$436, \$425 and \$601	16,380	4,960	13,113
Accounts receivable from The Coca-Cola Company	4,614	6,698	3,103
Due from Piedmont Coca-Cola Bottling Partnership	3,225	2,454	
Accounts receivable, other	8,204	10,758	12,725
Notes receivable from Piedmont			
Coca-Cola Bottling Partnership Inventories	34,686	27,533	106,974 29,878
Prepaid expenses and other current assets	6,639	4,734	5,309
Total current assets	75,846	58,399	173,034
Property, plant and equipment, at cost	312,122	297,561	288,067
Less - accumulated depreciation and amortization	135,367	134,546	127,526
Property, plant and equipment, net	176,755	163,015	160,541
Investment in Piedmont Coca-Cola Bottling Partnership	67,995	68,400	70,000
Other assets	19,302	18,700	19,758
Identifiable intangible assets, less accumulated amortization of \$70,733, \$65,803 and \$61,512	262,785	267,715	292,071
Excess of cost over fair value of net assets of businesses acquired, less accumulated amortization of \$20,544, \$19,399 and \$18,253	71,075	72,220	73,365
Total	\$673,758	\$648,449	\$788,769

See Accompanying Notes to Consolidated Financial Statements

LIABILITIES AND SHAREHOLDERS' EQUITY

	July 3, 1994	Jan. 2, 1994	July 4, 1993
Current Liabilities:			
Portion of long-term debt payable within one year	\$ 861	\$ 711	\$ 1,239
Note payable to Piedmont Coca-Cola Bottling Partnership			21,746
Accounts payable and accrued liabilities	63,005	69,232	53,281
Accounts payable to The Coca-Cola Company	7,727	1,876	5,977
Accrued interest payable	10,340	10,108	12,224
Total current liabilities	81,933	81,927	94,467
Deferred income taxes	84,566	80,065	86,467
Other liabilities	22,166	22,470	20,893
Senior long-term debt	454,112	434,358	555,299

Total liabilities	642,777	618,820	757,126
Shareholders' Equity:			
Convertible Preferred Stock, \$100 par value: Authorized-50,000 shares; Issued-None			
Nonconvertible Preferred Stock, \$100 par value: Authorized-50,000 shares; Issued-None			
Preferred Stock, \$.01 par value: Authorized-20,000,000 shares; Issued-None			
Common Stock, \$1 par value: Authorized-30,000,000 shares; Issued-10,090,859 shares	10,090	10,090	10,090
Class B Common Stock, \$1 par value: Authorized-10,000,000 shares; Issued-1,964,476 shares	1,965	1,965	1,965
Class C Common Stock, \$1 par value: Authorized-20,000,000 shares; Issued-None			
Capital in excess of par value	134,675	139,322	143,171
Accumulated deficit	(92,489)	(98,488)	(105,937)
Minimum pension liability adjustment	(5,614)	(5,614)	
	48,627	47,275	49,289
Less-Treasury stock, at cost:			
Common-2,132,800 shares	17,237	17,237	17,237
Class B Common-628,114 shares	409	409	409
Total shareholders' equity	30,981	29,629	31,643
Total	\$673,758	\$648,449	\$788,769

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
In Thousands (Except Per Share Data)

	Second Quarter		First Half	
	1994	1993	1994	1993
Net sales (includes sales to Piedmont of \$24,247 and \$44,811 in 1994)	\$ 200,692	\$ 194,506	\$ 364,509	\$ 348,773
Cost of products sold, excluding depreciation shown below (includes \$21,201 and \$40,106 related to sales to Piedmont in 1994)	118,941	108,871	216,425	193,296
Gross margin	81,751	85,635	148,084	155,477
Selling expenses	39,310	41,379	73,949	77,361
General and administrative expenses	13,508	13,949	26,167	26,428
Depreciation expense	5,991	6,008	11,764	11,648
Amortization of goodwill and intangibles	3,081	4,322	6,154	8,622
Income from operations	19,861	19,977	30,050	31,418
Interest expense	7,833	8,235	15,359	16,503
Other expense, net	273	1,095	287	1,700
Income before income taxes and effect of accounting change	11,755	10,647	14,404	13,215

Federal and state income taxes	5,055	4,612	6,194	5,831
Income before effect of accounting change	6,700	6,035	8,210	7,384
Effect of accounting change			(2,211)	
Net income	\$ 6,700	\$ 6,035	\$ 5,999	\$ 7,384
Income per share:				
Income before effect of accounting change	\$.72	\$.65	\$.88	\$.80
Effect of accounting change			(.24)	
Net income	\$.72	\$.65	\$.64	\$.80
Cash dividends per share:				
Common Stock	\$.25	\$.22	\$.50	\$.44
Class B Common Stock	.25	.13	.50	.26
Weighted average number of Common and Class B Common shares outstanding	9,294	9,261	9,294	9,221

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
In Thousands of Dollars

	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Minimum Pension Liability Adjustment	Treasury Stock
Balance on January 3, 1993	\$ 9,977	\$ 1,965	\$ 144,831	\$ (113,321)		\$ 17,646
Net income				7,384		
Cash dividends declared:						
Common			(3,816)			
Issuance of Common Stock	113		2,156			
Balance on July 4, 1993	\$10,090	\$ 1,965	\$ 143,171	\$ (105,937)		\$ 17,646
Balance on January 2, 1994	\$10,090	\$ 1,965	\$ 139,322	\$ (98,488)	\$ (5,614)	\$ 17,646
Net income				5,999		
Cash dividends declared:						
Common			(4,647)			
Balance on July 3, 1994	\$10,090	\$ 1,965	\$ 134,675	\$ (92,489)	\$ (5,614)	\$ 17,646

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
In Thousands of Dollars

	First Half	
	1994	1993
Cash Flows from Operating Activities		
Net income	\$ 5,999	\$ 7,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Effect of accounting change	2,211	
Depreciation expense	11,764	11,648
Amortization of goodwill and intangibles	6,154	8,622
Deferred income taxes	6,170	5,815
(Gains) losses on sale of property, plant and equipment	(367)	876
Amortization of debt costs	228	267
Undistributed loss of Piedmont Coca-Cola Bottling Partnership	405	
Increase in current assets less current liabilities	(20,085)	(16,704)
Decrease (increase) in other noncurrent assets	(870)	520
Decrease in other noncurrent liabilities	(189)	(549)
Other	420	(190)
Total adjustments	5,841	10,305
Net cash provided by operating activities	11,840	17,689
Cash Flows from Financing Activities		
Proceeds from the issuance of long-term debt	19,810	3,743
Repayments of long-term debt	(56)	(3,570)
Issuance of Common Stock		2,269
Cash dividends paid	(4,647)	(3,816)
Other	(556)	(2,509)
Net cash provided by (used in) financing activities	14,551	(3,883)
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(27,831)	(12,264)
Proceeds from the sale of property, plant and equipment	2,276	550
Acquisition of companies, net of cash acquired		(1,574)
Net cash used in investing activities	(25,555)	(13,288)
Net increase in cash	836	518
Cash at beginning of period	1,262	1,414
Cash at end of period	\$ 2,098	\$ 1,932

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

1. Accounting Policies

The consolidated financial statements include the accounts of Coca-Cola Bottling Co. Consolidated and its wholly owned subsidiaries ("the Company"). All significant intercompany accounts and transactions have been eliminated.

The information contained in the financial statements is unaudited. The statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the interim periods presented. Except for

the accounting change discussed in Note 2, all such adjustments are of a normal, recurring nature.

The accounting policies followed in the presentation of interim financial results are the same as those followed on an annual basis. These policies are presented in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 2, 1994 filed with the Securities and Exchange Commission.

Certain prior year amounts have been reclassified to conform to current year classifications.

2. Accounting Change

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). SFAS 112 requires the accrual, during the years that employees render service, of the expected cost of providing postemployment benefits if certain criteria are met. The Company adopted the provisions of SFAS 112 in the first quarter of 1994, effective January 3, 1994. As a result, the Company recorded a one-time, after-tax charge of \$2.2 million. This charge appears within the caption "Effect of accounting change."

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

3. Summarized Income Statement Data of Piedmont Coca-Cola Bottling Partnership

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont Coca-Cola Bottling Partnership ("Piedmont") to distribute and market soft drink products primarily in portions of North Carolina and South Carolina. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially own a 50% interest in Piedmont. The Company provides substantially all of the soft drink products for Piedmont and manages the operations of Piedmont pursuant to a management agreement. Summarized income statement data for Piedmont is as follows:

In Thousands	Second Quarter 1994	First Half 1994
Net sales	\$ 53,672	\$ 97,633
Gross margin	22,605	41,779
Income from operations	2,806	3,821
Net income (loss)	482	(810)

4. Inventories

Inventories are summarized as follows:

In Thousands	July 3, 1994	Jan. 2, 1994	July 4, 1993
Finished products	\$20,687	\$16,622	\$19,478
Manufacturing materials	11,978	9,498	9,542
Used bottles and cases	2,021	1,413	858

Total inventories	\$34,686	\$27,533	\$29,878
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Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

5. Long-Term Debt

Long-term debt is summarized as follows:

In Thousands	Maturity	Interest Rate	Fixed(F) or Variable (V) Rate	Interest Paid	July 3, 1994	Jan. 2, 1994	July 4, 1993
Lines of Credit	1997	4.46% - 4.58%	V	Varies	\$108,170	\$ 18,335	\$ 93,615
Commercial Paper	1997	4.47%	V	Varies	4,999		4,987
Revolving Credit							40,000
Term Loan Agreement						75,000	75,000
Term Loan Agreement	2000	4.00%	V	Semi- annually	60,000	60,000	60,000
Term Loan Agreement	2001	3.94%	V	Semi- annually	60,000	60,000	60,000
Medium-Term Notes	1998	5.11%	V	Quarterly	10,000	10,000	10,000
Medium-Term Notes	1999	7.99%	F	Semi- annually	66,500	66,500	66,500
Medium-Term Notes	2000	10.05%	F	Semi- annually	57,000	57,000	57,000
Medium-Term Notes	2002	8.56%	F	Semi- annually	66,500	66,500	66,500
Notes acquired in Sunbelt acquisition	2001	8.00%	F	Quarterly	5,417	5,442	5,441
Capital leases and other notes payable	1994 - 2001	6.85% - 12.00%	F	Varies	16,387	16,292	17,495
					454,973	435,069	556,538
Less: Portion of long-term debt payable within one year					861	711	1,239
Senior long-term debt					\$454,112	\$434,358	\$555,299

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

5. Long-Term Debt (cont.)

As of July 3, 1994, the Company was in compliance with all of the covenants of its various borrowing agreements.

It is the Company's intent to renew its lines of credit, commercial paper borrowings and borrowings under the revolving credit facility as they mature and, to the extent that these borrowings do not exceed the amount available under the Company's \$170 million revolving credit facility, they are classified as noncurrent liabilities.

A \$100 million commercial paper program was established in January 1990 with funds to be used for general corporate purposes. On July 3, 1994, approximately \$5 million was outstanding under this program.

In June 1992, the Company entered into a three-year arrangement under which it has the right to sell an undivided interest in a designated pool of trade accounts receivable for up to a maximum of \$40 million. The Company had sold trade receivables of \$37 million, \$33 million and \$36.5 million as of July 3, 1994, January 2, 1994 and July 4, 1993, respectively.

6. Financial Instruments with Off-Balance-Sheet Risk

The Company actively manages its interest rate risk using a variety of rate hedging mechanisms to minimize exposure to and reduce risk from interest rate fluctuations in the ordinary course of the Company's business. The Company does not attempt to protect itself completely from all interest rate movements but attempts to offset large interest rate movements and reduce their impact within the most reasonable risk and cost profile. The Company has entered into interest rate hedging transactions that resulted in weighted average interest rates for the debt portfolio of approximately 6.6%, 6.7% and 5.5% as of July 3, 1994, January 2, 1994 and July 4, 1993, respectively. Including the effect of hedging activities, approximately 45%, 43% and 40% of the total debt portfolio was subject to changes in short-term interest rates as of July 3, 1994, January 2, 1994 and July 4, 1993, respectively.

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

6. Financial Instruments with Off-Balance-Sheet Risk (cont.)

Off-balance-sheet financial instruments were as follows:

In Thousands	July 3, 1994		January 2, 1994		July 4, 1993	
	Amount	Remaining Term	Amount	Remaining Term	Amount	Remaining Term
Interest swaps-floating	\$221,600	6-9 years	\$221,600	7-10 years	\$161,600	7-10 years
Interest swaps-fixed	265,000	2-9 years	368,000	1-10 years	268,000	1-4 years
Interest caps	110,000	1 year	110,000	1.5 years	110,000	2 years
Financial guarantee	20,000	7 years	13,094	7 years	16,961	8 years

The Company routinely monitors both interest rate and counterparty credit risk. Mark-to-market valuations of positions and underlying debt are performed on an ongoing basis. Sensitivity analyses are performed to review the impact on the Company's financial position and coverages of various likely increases in interest rates as well as the impact of unlikely rate movements.

7. Income Taxes

Reported income tax expense differs from the amount computed at the statutory rate due to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

8. Supplemental Disclosures of Cash Flow Information

Changes in current assets and current liabilities affecting cash, net of effects from acquisitions and divestitures and effect of accounting change, are as follows:

In Thousands	First Half	
	1994	1993
Accounts receivable, trade, net	\$ (11,420)	\$ (17,039)
Due from Piedmont	(771)	
Accounts receivable, other	4,638	(1,896)
Inventories	(7,153)	(5,436)
Prepaid expenses and other current assets	(1,905)	(2,250)
Portion of long-term debt payable within one year	150	(264)
Accounts payable and accrued liabilities	(3,856)	8,999
Accrued interest payable	232	1,182
Increase	\$ (20,085)	\$ (16,704)

Cash payments during the period were as follows:

In Thousands	First Half	
	1994	1993
Interest	\$ 15,127	\$ 15,054
Income taxes	53	1,067

Noncash items related to the formation of Piedmont on July 2, 1993 were as follows:

In Thousands	
Notes receivable for assets sold to Piedmont	\$106,974
Assets contributed to Piedmont	48,254
Capital contribution - note payable to Piedmont	21,746
Assumption of Company liabilities by Piedmont	4,800

The \$107.0 million notes receivable and the \$21.7 million note payable were funded when Piedmont secured its bank financing on August 31, 1993.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction:

The following discussion presents management's analysis of the results of operations for the first six months of 1994 compared to the first six months of 1993 and changes in financial condition from July 4, 1993 and January 2, 1994 to July 3, 1994.

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont Coca-Cola Bottling Partnership ("Piedmont") to distribute and market soft drink products primarily in certain portions of North Carolina and South Carolina. The Company provides substantially all of the soft drink products to

Piedmont and manages the business of Piedmont pursuant to a management agreement. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially own a 50% interest in Piedmont. Subsidiaries of the Company made an initial capital contribution to Piedmont of \$70 million in the aggregate. The Company's capital contribution was composed of approximately \$21.7 million in cash and of bottling operations and certain assets used in connection with the Company's Wilson, North Carolina and Greenville and Beaufort, South Carolina territories. The Company sold other territories to Piedmont for an aggregate purchase price of approximately \$118 million. Assets were sold or contributed at their approximate carrying values. Proceeds from the sale of territories to Piedmont, net of the Company's cash contribution, totaled approximately \$96 million and were used to reduce the Company's long-term debt. The Company is accounting for its investment in Piedmont using the equity method of accounting.

The Company reported net income of \$6.7 million or \$.72 per share for the second quarter of 1994 compared with \$6.0 million or \$.65 per share for the same period in 1993. For the first six months of 1994, the Company reported income before the effect of an accounting change of \$8.2 million or \$.88 per share as compared to net income of \$7.4 million or \$.80 per share in the first six months of 1993. These earnings for the second quarter and first half of 1994 represent improvements of 11% and 11.2%, respectively, over the same periods of 1993.

A one-time, after-tax noncash charge of \$2.2 million or \$.24 per share was recorded in the first quarter of 1994 due to the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). The Company does not expect any significant impact on the results of future operations due to the adoption of this accounting standard.

On June 1, 1994, the Company executed an agreement with South Atlantic Cannery, Inc. ("SAC"), a cooperative located in Bishopville, South Carolina. SAC will significantly expand its

operations by adding two PET bottling lines.

The Company will oversee the installation of the new lines and will manage day-to-day operations pursuant to a 10-year management agreement. These new bottling lines will supply a portion of the Company's volume requirements for PET product. On July 22, 1994, the Company guaranteed expansion financing for SAC of up to \$15 million.

The results for interim periods are not necessarily indicative of the results to be expected for the year due to seasonal factors.

Result of Operations:

Due to the formation of Piedmont on July 2, 1993, results of operations for the second quarter and first half of 1994 are not directly comparable to the 1993 periods.

Excluding the results of the branches sold or contributed to Piedmont from 1993 results, franchise net sales increased by slightly more than 6% and 6.5% for the second quarter and first half of 1994, respectively. The increase in franchise net sales was primarily due to increases in volume. The introduction of certain New Age beverages, such as Nestea and PowerAde, contributed approximately 1.8% of the first half 1994 franchise sales increase. Average net selling prices were slightly higher than those of the 1993 periods, sustaining the increases realized in 1993 versus 1992. Sales to other bottlers increased over the same periods in 1993 primarily due to the sale of finished products to Piedmont. Soft drink products are sold to Piedmont at cost.

In the second quarter and first half of 1994, total gross margin decreased by 4.5% and 4.8%, respectively. When the results are adjusted to reflect comparable territories, gross margin on a per-unit basis was essentially unchanged. Cost of goods sold as a percentage of net sales was slightly higher as increases in the costs of ingredients were partially offset by lower packaging costs.

Excluding the results of the branches sold or contributed to Piedmont from 1993 results, selling expenses increased approximately 14% and 13% in the second quarter and first half of 1994, respectively. Higher employment costs resulted from normal wage rate adjustments, the volume increases discussed previously and planned increases in certain sales and operations functions to improve customer service and reduce turnover. Expenses associated with the introduction of New Age beverages also increased 1994 expenses. General and administrative expenses for the comparable franchise territories were slightly lower on a per-unit basis than for the 1993 periods.

Amortization of goodwill and intangibles declined 29% for both the second quarter and first half of 1994, reflecting the sale and contribution of franchise territories to Piedmont.

Interest expense declined approximately 5% from the second quarter of 1993 to the second quarter of 1994 and approximately 7% between the first-half periods. This decline was due primarily to the decrease of more than \$100 million in outstanding debt between the end of the second quarter of 1993 and the end of the same period in 1994, offset by increases in short-term rates on the Company's floating rate debt. Proceeds from the sale of territories to Piedmont, net of the Company's cash contribution, were used to reduce the Company's long-term debt.

The decline in "other expense, net" was due primarily to a first quarter 1994 gain on the sale of an idle production facility. This facility was acquired in the 1991 Sunbelt acquisition and was closed in April 1992. For the first half of 1994, gains of approximately \$.4 million on sales of property, plant and equipment were included in "other expense, net." Losses of approximately \$.9 million on sales of property, plant and equipment were included in "other expense, net" for the first half of 1993.

The estimated annual effective tax rate for federal and state income taxes was 43% for both the second quarter and the first half of 1994. The difference between the effective rate and the statutory rate was due to amortization of non deductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses. The estimated annual effective tax rate for the first half of 1993 was 44%.

Changes in Financial Condition:

Working capital increased \$17.4 million from January 2, 1994 and decreased \$84.7 million from July 4, 1993 to July 3, 1994. On July 4, 1993, the Company had notes receivable from Piedmont of \$107.0 million and a note payable to Piedmont of \$21.7 million. These notes were settled when Piedmont secured its bank financing on August 31, 1993. Excluding the effect of these notes receivable from and payable to Piedmont, working capital increased \$.6 million from July 4, 1993. The increase from January 2, 1994 was primarily due to seasonality and resulted principally from increases in trade accounts receivable and inventories. Inventory balances of raw materials and finished products increased in order to support Piedmont's inventory requirements. The increase in trade accounts receivable resulted primarily from increases in net sales.

Capital expenditures in 1994 will be higher than in 1993. The Company is purchasing rather than leasing new vehicles and is making certain manufacturing improvements needed to produce new packages. Equipment additions to serve the Cold Drink market have also increased the 1994 expenditures over the 1993 levels.

The Company actively manages its interest rate risk using a variety of rate hedging mechanisms. As of July 3, 1994, the debt portfolio had a weighted average interest rate of approximately 6.6% and

approximately 45% of the total portfolio was subject to changes in short-term interest rates. The Company routinely monitors both interest rate and counterparty credit risk. Mark-to-market valuations of positions and

underlying debt are performed on an ongoing basis. Sensitivity analyses are performed to review the impact on the Company's financial position and coverages of various likely increases in interest rates as well as the impact of unlikely rate movements. As a result of increases in short-term interest rates, the Company expects that interest expense in the second half of 1994 will increase versus interest expense in the first half of 1994.

Long-term debt increased \$19.8 million from January 2, 1994 due primarily to a seasonal increase in working capital. As of July 3, 1994, the Company was in compliance with all of the covenants of its various borrowing agreements.

It is the Company's intent to renew any borrowings under its \$170 million revolving credit facility and the informal lines of credit as they mature and, to the extent that any borrowings under the revolving credit facility, the informal lines of credit and commercial paper program do not exceed the amount available under the Company's \$170 million revolving credit facility, they are classified as noncurrent liabilities. As of July 3, 1994, the Company had no balances outstanding under the revolving credit facility, \$108.2 million outstanding under the informal lines of credit and \$5.0 million outstanding under the commercial paper program. The Company had sold trade accounts receivable of \$37 million as of July 3, 1994 compared to \$33 million and \$36.5 million on January 2, 1994 and July 4, 1993, respectively.

In February 1994, the Board of Directors approved an increase in the dividend for the first quarter of 1994. Quarterly dividends were increased to \$.25 per share on both the Common and Class B Common shares outstanding. This dividend rate was maintained in the second quarter of 1994. If the Company continues to pay quarterly dividends of \$.25 per share on both classes of common stock, annual dividend payments will total approximately \$9.3 million in 1994.

Management believes that the Company, through the generation of cash flow from operations and the utilization of unused borrowing capacity, has sufficient financial resources available to maintain its current operations and provide for its current capital expenditure requirements. The Company considers the acquisition of additional franchise territories on an ongoing basis.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On February 11, 1991, a Complaint was filed against the Company and two Company employees in the matter of Jeff Hallums v. Coca-Cola Bottling Co. Consolidated, et al., File No. 8108 in the Chancery Court for Wilson County, Tennessee as previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1994. This suit by a visually handicapped former truck driver for Coca-Cola Bottling Company of Nashville, Inc., a wholly owned subsidiary of the Company, alleged liability under various Tennessee common law misrepresentation principles and under the employee discrimination provision of the Tennessee Human Rights Act. Plaintiff was terminated because he did not meet federal standards for commercial truck drivers. Plaintiff sought damages in the amount of \$750,000. As previously reported, the Tennessee Court of Appeals, on an interlocutory appeal, reversed the trial court's denial of the Company's motion for summary judgment with respect to plaintiff's handicap discrimination claim on October 13, 1993 and remanded the case for trial of plaintiff's common law tort claims. The plaintiff's application for permission to appeal the appellate court's ruling was denied by the Tennessee Supreme Court on February 28, 1994. The Company subsequently settled this suit on the basis of the Company's agreement to pay only the outstanding court costs in the matter. The suit was dismissed, with prejudice, under an Order entered June 10, 1994 by the Chancery Court for Wilson County, Tennessee.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of the Company's shareholders was held on May 18, 1994.

(c) The meeting was held to consider and vote upon (i) fixing the number of the Company's directors at ten and (ii) electing three directors, each for a term of three years or until his successor shall be elected and shall qualify. The votes cast on the question of fixing the number of directors at ten are summarized as follows:

FOR	AGAINST	ABSTAIN	TOTAL VOTES
33,450,903	16,872	29,720	33,497,495

The votes cast with respect to each director are summarized as follows:

DIRECTOR NAME	FOR	ABSTAIN	TOTAL VOTES
John W. Murrey, III	33,388,294	109,201	33,497,495
H. W. McKay Belk	33,385,599	111,896	33,497,495
H. Reid Jones	33,388,378	109,117	33,497,495

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description
10.1	Lease Funding No. 94002, dated as of April 25, 1994, of a Master Equipment Lease between the Company and Coca-Cola Financial Corporation covering various vending machines.
10.2	Lease Funding No. 94003, dated as of May 12, 1994, of a Master Equipment Lease between the Company and Coca-Cola Financial Corporation covering various vending machines.
10.3	Lease Funding No. 94004, dated as of June 3, 1994, of a Master Equipment Lease between the Company and Coca-Cola Financial Corporation covering various vending machines.
10.4	Lease Funding No. 94005, dated as of June 22, 1994, of a Master Equipment Lease between the Company and Coca-Cola Financial Corporation covering various vending machines.
10.5	Lease Funding No. 94006, dated as of July 8, 1994, of a Master Equipment Lease between the Company and Coca-Cola Financial Corporation covering various vending machines.
10.6	Management Agreement, dated as of June 1, 1994, by and among Coca-Cola Bottling Co. Consolidated and South Atlantic Cannery, Inc.
10.7	Guaranty Agreement, dated as of July 22, 1994, between Coca-Cola Bottling Co. Consolidated and Wachovia Bank of North Carolina, N.A.

(b) Reports on Form 8-K

A report on Form 8-K, dated May 18, 1994, was filed on May 24, 1994, under Item 5 of Form 8-K, providing press releases describing the election of a new director to the Board of Directors and a change in the titles of certain executive officers of the Company.

SIGNATURES

Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COCA-COLA BOTTLING CO. CONSOLIDATED
(REGISTRANT)

Date: August 12, 1994

By: /s/ David V. Singer
David V. Singer
Principal Financial Officer
of the Registrant
and
Vice President - Chief Financial
Officer

TREASURY BOND: 7.04%
RENTAL FACTOR: 3.23188
LEASE FUNDING NO: 94002

LEASE SUPPLEMENT TO
MASTER EQUIPMENT LEASE (the "Master Lease")
BETWEEN
COCA-COLA FINANCIAL CORPORATION ("Lessor")
AND
COCA-COLA BOTTLING CO. CONSOLIDATED ("Lessee")
DATED: FEBRUARY 9, 1993

Lease Supplement Date: April 25, 1994

1. Term

The "Initial Term" shall commence on the 25TH day of April, 1994 (the "Lease Commencement Date") and will continue for a term of one hundred eight months (108) months ending on April 25TH, 2003.

2. Rent

(a) BASIC RENT: As Basic Rent hereunder, Lessee shall pay an aggregate rental charge of \$2,256,942.24 payable in thirty six (36) quarterly installments of \$62,692.84 each, beginning on July 25th, 1994 and continuing every third month thereafter during the Initial Term, with the final such installment being due and payable on April 25th, 2003.

(b) INTERIM RENT: Lessee shall pay Lessor Interim Rent on all payments made by Lessor for Equipment from the date of Lessor's payment, if paid prior to the Lease Commencement Date, until the Lease Commencement Date. Interim Rent shall be calculated from the date of such payment on the basis of a rate which shall be the lesser of (i) a daily rate of per dollar so paid by Lessor, (which rate is based on the rate implied by the Basic Rent amount set forth above), or (ii) a per annum rate applied to the amount so paid by Lessor equal to the "Prime Rate" as published in The Wall Street Journal on the last business day prior to the date of such payment by Lessor. Interim Rent shall be payable in full on the Lease Commencement Date.

(c) SUPPLEMENTAL RENT: In addition to Basic Rent and Interim Rent, Lessee shall pay Lessor all Supplemental Rent provided for in the Master Lease including, without limitation, all applicable sales and use taxes.

3. Location of the Equipment

The location(s) of the Equipment leased is (are) set forth on Exhibit "A" attached hereto.

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4. Equipment Leased

The Equipment leased is described on each equipment invoice and installation notification subject to this Lease Supplement. The supporting equipment invoices, installation notifications and equipment serial numbers are summarized on Exhibit "A" attached hereto.

5. Stipulated Loss Value

The "Stipulated Loss Value" of each item of Equipment, as of any particular date of computation, shall be determined with reference to Exhibit "B" attached hereto by multiplying the original cost of such item of Equipment as stated on Exhibit "A" hereto by the percentage set forth opposite the applicable month number on Exhibit "B" hereto.

For this purpose the applicable month number means the number of months or partial months elapsed since the Lease Commencement Date. If only a portion of an item of Equipment is affected by any event causing calculation of "Stipulated Loss Value" as specified in the Master Lease, and the cost of such portion of the Equipment cannot be readily determined from the original cost of such item set forth on Exhibit A, then the Stipulated Loss Value for such portion of the Equipment shall be as reasonably calculated by Lessor, with written notice of such amount being sent to Lessee by Lessor.

6. Lease

This Lease Supplement is executed and delivered under and pursuant to the terms of the Master Lease, and this Lease Supplement shall be deemed to be a part of, and shall be governed by the terms and conditions of the Master Lease. For purposes of this Lease Supplement, capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such terms in the Master Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed and delivered by its duly authorized officer,
this day of April 1994.

LESSEE: COCA-COLA BOTTLING CO. CONSOLIDATED

By: Brenda B. Jackson
Title: Vice President & Treasurer
[CORPORATE SEAL]

Accepted in Atlanta, Georgia, this 26th day of April, 1994.

LESSOR:
COCA-COLA FINANCIAL CORPORATION
By: Chris Tambeaux
Title: Vice President

TREASURY BOND: 7.594%
RENTAL FACTOR 3.31468%
LEASE FUNDING NO: 94003

LEASE SUPPLEMENT TO
MASTER EQUIPMENT LEASE (the "Master Lease")
BETWEEN
COCA-COLA FINANCIAL CORPORATION ("Lessor")
AND
COCA-COLA BOTTLING CO. CONSOLIDATED ("Lessee")
DATED FEBRUARY 9, 1993

Lease Supplement Date: May 12th, 1993.

1. Term

The "Initial Term" shall commence on the 12th day of May, 1994 (the "Lease Commencement Date") and will continue for a term of one hundred eight (108) months ending on May 12th, 2003.

2. Rent

(a) BASIC RENT: As Basic Rent hereunder, Lessee shall pay an aggregate rental charge of \$1,002,866.76, payable in arrears in thirty-six (36) quarterly installments of \$27,857.41 each, beginning on August 12, 1994 and continuing on the same day of each calendar quarter thereafter during the Initial Term, with the final such installment being due and payable on May 12, 2003.

(b) INTERIM RENT: Lessee shall pay Lessor Interim Rent on all payments made by Lessor for Equipment from the date of Lessor's payment, if paid prior to the Lease Commencement Date, until the Lease Commencement Date. Interim Rent shall be calculated from the date of such payment on the basis of a rate which shall be the lesser of (i) a daily rate of per dollar so paid by Lessor, (which rate is based on the rate implied by the Basic Rent amount set forth above), or (ii) a per annum rate applied to the amount so paid by Lessor equal to the "Prime Rate" as published in The Wall Street Journal on the last business day prior to the date of such payment by Lessor. Interim Rent shall be payable in full on the Lease Commencement Date.

(c) SUPPLEMENTAL RENT: In addition to Basic Rent and Interim Rent, Lessee shall pay Lessor all Supplemental Rent provided for in the Master Lease including, without limitation, all applicable sales and use taxes.

3. Location of the Equipment

The location(s) of the Equipment leased is (are) set forth on Exhibit "A" attached hereto.

4. Equipment Leased

The Equipment leased is described on each equipment invoice and installation notification subject to this Lease Supplement. The supporting equipment invoices, installation notifications and equipment serial numbers are summarized on Exhibit "A" attached hereto.

5. Stipulated Loss Value

The "Stipulated Loss Value" of each item of Equipment, as of any particular date of computation, shall be determined with reference to Exhibit "B" attached hereto by multiplying the original cost of such item of Equipment as stated on Exhibit "A" hereto by the percentage set forth opposite the applicable month number on Exhibit "B" hereto. For this purpose the applicable month number means the number of months or partial

months elapsed since the Lease Commencement Date. If only a portion of an item of Equipment is affected by any event causing calculation of "Stipulated Loss Value" as specified in the Master Lease, and the cost of such portion of the Equipment cannot be readily determined from the original cost of such item set forth on Exhibit A, then the Stipulated Loss Value for such portion of the Equipment shall be as reasonably calculated by Lessor, with written notice of such amount being sent to Lessee by Lessor.

6. Lease

This Lease Supplement is executed and delivered under and pursuant to the terms of the Master Lease, and this Lease Supplement shall be deemed to be a part of, and shall be governed by the terms and conditions of the Master Lease. For purposes of this Lease Supplement, capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such terms in the Master Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed and delivered by its duly authorized officer, this 12th day of May, 1994.

LESSEE:

COCA-COLA BOTTLING CO. CONSOLIDATED

By: Brenda B. Jackson
Brenda B. Jackson
Title: Vice President & Treasurer

Accepted in Atlanta, Georgia, this day of , .

LESSOR:

COCA-COLA FINANCIAL CORPORATION

By:
Title:

TREASURY BOND 7.1367%
RENTAL FACTOR 3.24629%
LEASE FUNDING NO: 94004

LEASE SUPPLEMENT TO
MASTER EQUIPMENT LEASE (the "Master Lease")
BETWEEN
COCA-COLA FINANCIAL CORPORATION ("Lessor")
AND
COCA-COLA BOTTLING CO. CONSOLIDATED ("Lessee")
DATED: February 9, 1993

1. Term

The "Initial Term" shall commence on the 3rd day of June, 1994 ("Lease Commencement Date"); and will continue for a term of one hundred eight (108) months ending on 3rd day of June, 2003.

2. Rent

(a) BASIC RENT: As Basic Rent hereunder, Lessee shall pay an aggregate rental charge of \$1,544,340.96, payable in arrears in thirty-six (36) quarter annual installments of \$42,898.36 each, beginning on September 3, 1994 and continuing on the same day of each calendar quarter thereafter during the Initial Term, with the final such installment being due and payable on June 3, 2003.

(b) INTERIM RENT: Lessee shall pay Lessor Interim Rent on all payments made by Lessor for Equipment from the date of Lessor's payment, if paid prior to the Lease Commencement Date, until the Lease Commencement Date. Interim Rent shall be calculated from the date of such payment on the basis of a rate which shall be the lesser of (i) a daily rate of per dollar so paid by Lessor, (which rate is based on the rate implied by the Basic Rent amount set forth above), or (ii) a per annum rate applied to the amount so paid by Lessor equal to the "Prime Rate" as published in The Wall street Journal on the last business day prior to the date of such payment by Lessor. Interim Rent shall be payable in full on the Lease Commencement Date.

(c) SUPPLEMENTAL RENT: In addition to Basic Rent and Interim Rent, Lessee shall pay Lessor all Supplemental Rent provided for in the Master Lease including, without limitation, all applicable sales and use taxes.

3. Location of the Equipment

The location(s) of the Equipment leased is (are) set forth on Exhibit "A" attached hereto.

4. Equipment Leased

The Equipment leased is described on each equipment invoice and installation notification subject to this Lease Supplement. The supporting equipment invoices, installation notifications and equipment serial numbers are summarized on Exhibit "A" attached hereto.

5. Stipulated Loss Value

The "Stipulated Loss Value" of each item of Equipment, as of any particular date of computation, shall be determined with reference to Exhibit "B" attached hereto by multiplying the original cost of such item of Equipment as stated on Exhibit "A" hereto by the percentage of the cost of such item set forth opposite the applicable month number on Exhibit "B" hereto. For this purpose the applicable month number means the number of months or partial months elapsed since the Lease Commencement Date. If only a portion of an item of Equipment is affected by any event causing calculation of "Stipulated Loss Value" as specified in the Master Lease, and the cost of such portion of the Equipment cannot be readily determined from the original cost of such item set forth on Exhibit A, then the Stipulated Loss Value for such portion of the Equipment shall be as reasonably calculated by Lessor, with written notice of such amount being sent to Lessee by Lessor.

6. Lease

This Lease Supplement is executed and delivered under and pursuant to the terms of the Master Lease, and this Lease Supplement shall be deemed to be a part of, and shall be governed by the terms and conditions of the Master Lease. For purposes of this Lease Supplement, capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such terms in the Master Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed and delivered by its duly authorized officers, this 3rd day of June, 1994.

LESSEE:
COCA-COLA BOTTLING CO. CONSOLIDATED

(CORPORATE SEAL)

By: Brenda B. Jackson

Attest: Patricia A. Gill

Title: Brenda B. Jackson
Vice President & Treasurer

Title: Assistant Secretary

Accepted in Atlanta, Georgia, this day of , 1994.

LESSOR:
COCA-COLA FINANCIAL CORPORATION
By:
Title:

TREASURY BOND: 7.07333%
RENTAL FACTOR 3.23684%
LEASE FUNDING NO: 94005

LEASE SUPPLEMENT TO
MASTER EQUIPMENT LEASE (the "Master Lease")
BETWEEN
COCA-COLA FINANCIAL CORPORATION ("Lessor")
AND
COCA-COLA BOTTLING CO. CONSOLIDATED ("Lessee")
DATED FEBRUARY 9, 1993

Lease Supplement Date: June 22, 1994.

1. Term

The "Initial Term" shall commence on the 22nd day of June, 1994 (the "Lease Commencement Date") and will continue for a term of one hundred eight (108) months ending on June 22, 2003.

2. Rent

(a) BASIC RENT: As Basic Rent hereunder, Lessee shall pay an aggregate rental charge of \$1,930,073.04, payable in arrears in thirty-six (36) quarterly installments of \$53,613.14 each, beginning on September 22, 1994 and continuing on the same day of each calendar quarter thereafter during the Initial Term, with the final such installment being due and payable on June 22, 2003.

(b) INTERIM RENT: Lessee shall pay Lessor Interim Rent on all payments made by Lessor for Equipment from the date of Lessor's payment, if paid prior to the Lease Commencement Date, until the Lease Commencement Date. Interim Rent shall be calculated from the date of such payment on the basis of a rate which shall be the lesser of (i) a daily rate of _____ per dollar so paid by Lessor, (which rate is based on the rate implied by the Basic Rent amount set forth above), or (ii) a per annum rate applied to the amount so paid by Lessor equal to the "Prime Rate" as published in The Wall Street Journal on the last business day prior to the date of such payment by Lessor. Interim Rent shall be payable in full on the Lease Commencement Date.

(c) SUPPLEMENTAL RENT: In addition to Basic Rent and Interim Rent, Lessee shall pay Lessor all Supplemental Rent provided for in the Master Lease including, without limitation, all applicable sales and use taxes.

3. Location of the Equipment

The location(s) of the Equipment leased is (are) set forth on Exhibit "A" attached hereto.

4. Equipment Leased

The Equipment leased is described on each equipment invoice and installation notification subject to this Lease Supplement. The supporting equipment invoices, installation notifications and equipment serial numbers are summarized on Exhibit "A" attached hereto.

5. Stipulated Loss Value

The "Stipulated Loss Value" of each item of Equipment, as of any particular date of computation, shall be determined with reference to Exhibit "B" attached hereto by multiplying the original cost of such item of Equipment as stated on Exhibit "A" hereto by the percentage set forth opposite the applicable month number on Exhibit "B" hereto. For this purpose the applicable month number means the number of months or partial months elapsed since the Lease Commencement Date. If only a portion of an item of Equipment is affected by any event causing calculation of "Stipulated Loss Value" as specified in the Master Lease, and the cost of

such portion of the Equipment cannot be readily determined from the original cost of such item set forth on Exhibit A, then the Stipulated Loss Value for such portion of the Equipment shall be as reasonably calculated by Lessor, with written notice of such amount being sent to Lessee by Lessor.

6. Lease

This Lease Supplement is executed and delivered under and pursuant to the terms of the Master Lease, and this Lease Supplement shall be deemed to be a part of, and shall be governed by the terms and conditions of the Master Lease. For purposes of this Lease Supplement, capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such terms in the Master Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed and delivered by its duly authorized officer, this day of June, 1994.

LESSEE:
COCA-COLA BOTTLING CO. CONSOLIDATED

By: Brenda B. Jackson

Title:

Accepted in Atlanta, Georgia, this 22nd day of June, 1994.

LESSOR:
COCA-COLA FINANCIAL CORPORATION

By: Chris Tambeaux

Title: Vice President

TREASURY BOND 7.3066%
RENTAL FACTOR 3.25294%
LEASE FUNDING NO: 94006

LEASE SUPPLEMENT TO
MASTER EQUIPMENT LEASE (the "Master Lease")
BETWEEN
COCA-COLA FINANCIAL CORPORATION ("Lessor")
AND
COCA-COLA BOTTLING CO. CONSOLIDATED ("Lessee")
DATED: February 9, 1993

1. Term

The "Initial Term" shall commence on the 8th day of July, 1994 ("Lease Commencement Date"); and will continue for a term of one hundred eight (108) months ending on the 8th day of July, 2003.

2. Rent

(a) BASIC RENT: As Basic Rent hereunder, Lessee shall pay an aggregate rental charge of \$1,376,483.40, payable in arrears in thirty-six (36) quarterly installments of \$38,235.65 each, beginning on October 8, 1994 and continuing on the same day of each calendar quarter thereafter during the Initial Term, with the final such installment being due and payable on July 8, 2003.

(b) INTERIM RENT: Lessee shall pay Lessor Interim Rent on all payments made by Lessor for Equipment from the date of Lessor's payment, if paid prior to the Lease Commencement Date, until the Lease Commencement Date. Interim Rent shall be calculated from the date of such payment on the basis of a rate which shall be the lesser of (i) a daily rate of per dollar so paid by Lessor, (which rate is based on the rate implied by the Basic Rent amount set forth above), or (ii) a per annum rate applied to the amount so paid by Lessor equal to the "Prime Rate" as published in The Wall Street Journal on the last business day prior to the date of such payment by Lessor. Interim Rent shall be payable in full on the Lease Commencement Date.

(c) SUPPLEMENTAL RENT: In addition to Basic Rent and Interim Rent, Lessee shall pay Lessor all Supplemental Rent provided for in the Master Lease including, without limitation, all applicable sales and use taxes.

3. Location of the Equipment

The location(s) of the Equipment leased is (are) set forth on Exhibit "A" attached hereto.

4. Equipment Leased

The Equipment leased is described on each equipment invoice and installation notification subject to this Lease Supplement. The supporting equipment invoices, installation notifications and equipment serial numbers are summarized on Exhibit "A" attached hereto.

5. Stipulated Loss Value

The "Stipulated Loss Value" of each item of Equipment, as of any particular date of computation, shall be determined with reference to Exhibit "B" attached hereto by multiplying the original cost of such item of Equipment as stated on Exhibit "A" hereto by the percentage of the cost of such item set forth opposite the applicable month number on Exhibit "B" hereto. For this purpose the applicable month number means the number of months or partial months elapsed since the Lease Commencement Date. If only a portion of an item of Equipment is affected by any event causing calculation of "Stipulated Loss Value" as specified in the Master Lease, and the cost of such portion of the Equipment cannot be readily determined from the original cost of such item set forth on Exhibit A, then the Stipulated Loss Value for such portion of the Equipment shall be as reasonably calculated by Lessor, with written notice of such amount being sent to Lessee by Lessor.

6. Lease

This Lease Supplement is executed and delivered under and pursuant to the terms of the Master Lease, and this Lease Supplement shall be deemed to be a part of, and shall be governed by the terms and conditions of the Master Lease. For purposes of this Lease Supplement, capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such terms in the Master Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed and delivered by its duly authorized officers, this 8th day of July, 1994.

LESSEE:
COCA-COLA BOTTLING CO. CONSOLIDATED

(CORPORATE SEAL)	By: Brenda B. Jackson
Attest: Patricia A. Gill	Title: Vice President & Treasurer
Title: Assistant Secretary	

Accepted in Atlanta, Georgia, this 12th day of July, 1994.

LESSOR:
COCA-COLA FINANCIAL CORPORATION
By: Chris Tambeaux
Title: Vice President

MANAGEMENT AGREEMENT

This Management Agreement ("Agreement") made and entered into this day of May, 1994, by and among Coca-Cola Bottling Co. Consolidated, a Delaware corporation ("Manager") and South Atlantic Cannery, Inc., a South Carolina corporation ("SAC").

W I T N E S S E T H:

By this Agreement, SAC intends to retain Manager for the purpose of managing its day to day operations as is more fully described in the Agreement. Manager has managerial expertise, knowledge of the industry, access to certain raw materials, and other capabilities which indicate that its services will be beneficial to SAC and its membership. Under this Agreement, it is anticipated that Manager will supervise day to day operations without material interference from the SAC Board of Directors ("SAC Board") and that the SAC Board will generally perform the typical board functions of supervising the performance of management and establishing policy for SAC. The parties recognize, however, that the SAC Board has a legal obligation to SAC and its membership to oversee and direct the operations of SAC and nothing contained in this Agreement shall remove from the SAC Board its obligations or ability to direct the business and affairs of SAC. It is anticipated that a smooth working relationship will be established through the adoption each year of an annual business plan ("Annual Business Plan"), under which Manager can perform its responsibilities as described herein.

The parties believe that the efficiencies to be derived from Manager's supervisory capabilities and the additional purchasing volume Manager brings to SAC in its capacity as a member will prove to be beneficial to Manager and to SAC's membership in general.

NOW, THEREFORE, in consideration of the mutual promises, obligations and agreements contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

Section 1. Definitions.

1.01 Defined Terms. The following terms shall have the meanings set forth in the Section of this Agreement indicated below:

Defined Term	Section
Agreement	Preamble
Annual Business Plan	Preamble
Claimant	Section 10.03(a)
Claim	Section 10.02
CPI	Section 6.01
SAC Bank Account	Section 6.03(d)
Disclosing Party	Section 9.04
Effective Date	Section 8.01
Environmental Manager	Section 3.01(c) (4)
Environmental Laws	Section 3.01(c) (4) (i)
Expansion	Section 3.01(c) (3)
Facility	Section 2.01
FICA	Section 3.02
FUTA	Section 3.02
Indemnatee	Section 10.02
Losses	Section 10.02
Manager	Preamble
Manager's Corporate Offices	Section 3.01

Manager Employee(s)	Section 3.01(c) (2)
Management Fee	Section 6.01
Notified Party	Section 10.03(a)
Physical Case	Section 6.01
Proposed Budget	Section 3.01(a) (2)
Receiving Party	Section 9.04
Reimbursable Expenses	Section 6.02
Rules	Section 10.02
SAC	Preamble
SAC Board	Preamble
SAC Business	Section 2.01
SAC Employee(s)	Section 3.01(c) (2)
SAC Executive Committee	Section 3.01(a) (5)
Summary of Major Operational and Business Items	Section 3.01(a) (2)
Term	Section 8.02

Section 2. Appointment of Manager.

2.01 Appointment of and Acceptance by Manager. SAC hereby appoints and retains Manager for the purpose of managing SAC's canning, bottling, and other soft drink packaging operations (the "SAC Business"), effective as of the Effective Date, and authorizes Manager to supervise, direct and control the day-to-day operation of the SAC Business at 601 Cousar Street, Bishopville, South Carolina (the "Facility") in accordance with this Agreement. In the appointment of Manager to handle day to day operations hereunder, both SAC and Manager understand and agree that the business and affairs of SAC shall be under the direction and control of the SAC Board, and Manager agrees to carry out the policies and directives of the SAC Board. Manager hereby accepts this appointment and agrees to perform its duties in accordance with this Agreement.

2.02 Standards of Performance. In providing services under this Agreement, Manager shall give the care and attention to its responsibilities that a reasonable business manager in its position would be expected to give. Manager agrees to provide and employ a sufficient number of personnel with adequate

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training and experience to perform such duties competently and in a businesslike manner in such a way as to cause the operations of SAC to be carried on efficiently and in the best interests of SAC. In its capacity as Manager under this Agreement, Manager shall perform its duties in good faith and shall loyally seek to promote the best interests of SAC. Manager shall perform in a timely and cooperative manner.

2.03 Non-exclusive Service. It is understood and agreed that nothing in this Agreement shall confer upon SAC an exclusive right to Manager's service. Manager may contract with others for the provision of expertise and services similar to those to be provided to SAC as contemplated herein.

2.04 Services to be Performed by SAC's Officers and Others. SAC will continue to have as corporate officers a President, a Secretary and such other officers as may be determined by the SAC Board, who shall perform such functions as the SAC Board may assign to them. Nothing in this Agreement shall prevent SAC from obtaining services from others which are not assigned to Manager under Sections 3 and 4 of this Agreement.

Section 3. Services and Responsibilities of Manager.

3.01 Primary Services and Responsibilities. Within the scope of the authority granted to it under this Agreement and subject to any limitations provided herein, Manager will undertake to manage SAC in a manner such that it may meet its

operating requirements. It is anticipated by the parties that, during an interim transition period--from the Effective Date until Manager determines that it is in a position to perform the administrative functions itself (but not later than September 1, 1994), Manager will primarily supervise the administrative services included herein and performed at the Facility and that, following such transition period, Manager will perform such functions primarily at Manager's Corporate Offices located at Rexford Road, Charlotte, North Carolina ("Manager's Corporate Offices"). Manager is hereby authorized to and shall provide the following services or cause the following services to be performed:

(a) Annual Business Plan. Manager will develop (from the information provided by SAC members) an Annual Business Plan to be adopted by the SAC Board prior to the beginning of each fiscal year with such changes as the SAC Board deems necessary.

(1) Adoption. Manager will present the proposed plan to the SAC Board no later than thirty (30) days prior to the beginning of SAC's fiscal year that is the subject of such projections. In the event information necessary to complete such projections are not furnished to Manager, Manager will present projections utilizing the provided information plus reasonable estimates for the unprovided information, which will be based on

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the prior year's information plus 3%, as adjusted for changes made during the year and other changes reasonably anticipated by Manager. As soon as practicable after the Effective Date, Manager will submit to the SAC Board for approval a business plan for the interim period of SAC's 1994 fiscal year commencing the effective date hereof and ending on August 31, 1994. It is anticipated that this interim period business plan will essentially be a continuance of SAC's current business plan for its 1993-94 fiscal year. SAC shall deliver a copy of each Annual Business Plan, and the interim period business plan for the 1993-94 year, to Manager as soon as practicable following adoption thereof by SAC Board.

(2) General Contents. Manager's proposed Annual Business Plan will contain a proposed annual budget ("Proposed Budget"), a summary of major operational and financial items ("Summary of Major Operational and Business Items") projected for the year in sufficient detail for the SAC Board to determine the nature and extent of proposed operations, an estimate of the Management Fee and Reimbursable Expenses SAC will be asked to pay to Manager for the year, and such other items as the SAC Board may request.

(3) Projections, Developments, and Anticipated Events. The Proposed Budget will contain annual projections of volume, estimated operating revenues based upon pricing at the end of the previous fiscal year, required capital expenditures, operating expenses and cash flow, and the presentation of items will show a breakdown of each item for each of SAC's operating allocation units (cans, bottles, etc.). The Summary of Major Operational and Business Items will include a description of proposed activities in areas for which Manager has operational responsibility under Section 3.01(c), a description of significant developments relating to the business and financial items for which Manager has responsibility under Section 3.01(b), and a description of other major operational and business items, if any, which Manager reasonably anticipates for the upcoming year.

(4) Effect of Not Adopting Business Plan Prior to the Commencement of the Fiscal Year. If the SAC Board has not adopted an Annual Business Plan prior to the commencement of any fiscal year, Manager shall continue to provide management

functions for SAC based upon the most recently adopted Annual Business Plan (or interim period business plan for the 1993-94 fiscal year, if that is the most recently adopted business plan), until such time as a new Annual Business Plan is adopted and takes effect for such fiscal year; provided, however, that (i) any CPI increases that will be due as part of the Management Fee under Section 6.01 for the new fiscal year and (ii) any previously approved increase in a normal, recurring operating expense (such as, employee compensation) since the adoption of

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the most recent Annual Business Plan will take effect with the beginning of such year.

(5) Performance of Services Under the Annual Business Plan and Deviations Therefrom. In performing its services under this Agreement, Manager shall follow the Annual Business Plan adopted for the fiscal year, unless otherwise directed by the SAC Board. If Manager encounters a business situation which will require it to deviate from the Annual Business Plan or it discovers that it or SAC has inadvertently deviated from the plan, it shall immediately consult with the Executive Committee of the SAC Board ("SAC Executive Committee") about the situation and obtain approval for such deviation. If approval is given by the SAC Executive Committee, Manager shall be allowed to continue with such deviation until the next meeting of the SAC Board at which time the SAC Board can consider the matter. If the SAC Executive Committee does not approve of the deviation, the matter will immediately be brought to the attention of the SAC Board.

(b) Business/Finance. Manager will be responsible for accounting, tax, treasury and internal policy auditing services in connection with the financial management of the SAC Business.

(1) Contracts. Manager shall have the right to enter into contracts in the ordinary course of business in accordance with the Annual Business Plan and thereby bind SAC; provided, however, that the SAC Board may set size limitations above which approval of the SAC Board is required.

(2) Treasury Management. Manager will provide necessary treasury management services for SAC including the arrangement and administration of financings (subject to SAC Board approval) and bank transactions and cash management services including receipt of and responsibility for all income realized by SAC and disbursement of funds for satisfaction of the debts, obligations and expenses of SAC and for distributions of patronage dividends as determined by the SAC Board.

(3) Accounting. Manager will maintain accounting systems and records for SAC which shall be sufficiently separate from Manager's other accounts for the SAC Board to have full access to its accounts without raising questions about the confidentiality of Manager's files. Manager shall provide the following functions or prepare the following reports:

(i) Accounts receivable, credit and collections including credit approval, billing, collection and cash application, as necessary.

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(ii) Accounts payable functions including check

writing and accounting for paid expense and capital items.

(iii) General accounting functions including maintenance of general ledger and monthly financial reporting to the SAC Board.

(iv) Fixed asset record maintenance and accounting.

(v) Annual budgets.

(vi) Monthly reports to the SAC Board (i) comparing actual operating and capital expenditures to those budgeted and set forth in the Annual Business Plan, (ii) detailing significant management actions taken by Manager, and (iii) such other matters as the SAC Board may request.

(4) Taxes. Manager shall handle the federal, state and local tax reporting and filing as well as the implementation of tax planning strategies relating to federal, state and local taxes and user fees. Manager will also handle any required tax audits and maintain all Department of Transportation files and furnish copies of federal income tax returns to the SAC Executive Committee prior to the filing of such returns.

(5) Internal Policy Audit. Manager will provide internal auditing services for monitoring compliance with SAC policies and procedures as Manager deems necessary.

(c) Operations. The major operational responsibilities of Manager shall be in the areas of Manufacturing and Purchasing; Human Resources; Fleet, Transportation and Facility Administration; Environmental Services; Data Processing and Risk Management as follows:

(1) Manufacturing and Purchasing. Manager will oversee the manufacturing of products which meet franchise company specifications and will deliver all products within reasonable age standards as established by the SAC Board. The initial product age and quality standards to be met by Manager are described in Exhibit A hereto. Manager will select and negotiate with vendors and purchase or, if in the best interest of SAC, lease on SAC's behalf all capital equipment from such vendors. If Management selects itself as a vendor or lessor to SAC under this paragraph, this arrangement must be disclosed to and approved by the SAC Board. Manager will, on behalf of SAC, procure all raw materials, supplies, utilities and services which are required for or incidental to, the operations of the SAC

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Business. Manager will use its best efforts to make such procurement on a basis similar to that which is available to Manager; provided, however, that both Manager and SAC hereby acknowledge that differences may arise with respect to prices of concentrates and syrup or as a result of different specifications, sources of supply and freight costs.

(2) Human Resources.

(i) Manager shall have responsibility for supervising employees of SAC ("SAC Employees") and any employees of Manager providing services for SAC ("Manager Employees") under this Agreement. All such management and supervision by Manager for employees at the Facility shall be within the parameters established in the Annual Business Plan. Manager shall provide overall pay and benefit administration for SAC Employees (if any) and Manager Employees in accordance with the Annual Business

Plan. Any necessary labor contract negotiations will be performed by Manager, and Manager will handle the administration of any labor contract (including grievance procedures and arbitration) and any labor relations disputes or other labor matters, and the SAC Board will be advised thereof. Manager will have the authority and responsibility to enter into, amend or terminate any employment agreements and consulting and agency agreements relating to SAC; provided, however, that the SAC Board shall determine who shall perform professional accounting and legal services for SAC and set the terms for their employment. To the extent permitted by the Annual Business Plan or otherwise approved by the SAC Board, Manager may supplement SAC with additional Manager Employees. For such purpose, Manager may utilize its employees or employees of a wholly owned subsidiary of Manager which have adequate training and experience to perform their duties competently and in a businesslike manner. Manager shall have the authority to select, employ and terminate all employees performing services for SAC, whether they be SAC Employees or Manager Employees. Manager shall also have the right to substitute one of its employees for a Manager Employee whenever Manager deems such substitution appropriate. Each Manager Employee and SAC Employee shall be subject to all of Manager's applicable employment policies and practices (unless otherwise restricted by union contracts), and SAC shall not have the right to subject any Manager Employees or SAC Employees to any additional employment policies or practices or other work related rules or regulations (except rules and regulations reasonably related to the health and safety of such employees or required under applicable law) absent Manager's express consent to such action which shall not be unreasonably withheld. Manager shall provide substantially the same job-related education and training to Manager Employees and SAC Employees as Manager provides to its other employees who perform the same or related tasks, and SAC shall reimburse Manager for the cost of the job-related education and training provided by third parties to SAC Employees and Manager Employees. Manager shall compensate

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Manager Employees in accordance with Manager's standard compensation policies and practices for employees who perform the same or related tasks subject to regional pay differences. Manager Employees shall be provided with employee benefits no more favorable as a whole than those provided to Manager's other employees performing the same or related tasks in addition to workers' compensation, unemployment compensation and all other benefits which an employer is required to provide for its employees under applicable law. Manager will adopt and enforce Manager's Code of Business Conduct at the Facility.

(ii) In the event this Agreement is terminated or expires, all Manager Employees employed at the Facility at such time shall have the opportunity to be considered for employment by SAC as SAC Employees. SAC shall be entitled to approach all such persons and discuss future employment with SAC, and Manager shall not attempt to retain or continue such persons in its employment until they have first rejected an offer of employment with SAC or otherwise been informed by SAC that they will not be offered employment.

(3) Fleet, Transportation and Facility Administration. Manager will provide overall administration of fleet activities including assessment of required fleet expansion or replacement, acquisition of required equipment and direction of preventative maintenance programs in accordance with the Annual Business Plan. Manager will be responsible for the administration of all transportation activities including the receipt of raw materials by or on behalf of SAC and the delivery of full goods to SAC members. Manager will also provide for the administration of all facility activities including preventive and corrective maintenance

and expansion. In particular, Manager will oversee the anticipated acquisition and installation of two high speed production lines at the Facility - one generally suited for 2-liter PET bottles and one generally suited for 20-ounce PET bottles (the "Expansion"). In connection therewith, Manager shall be responsible for the planning, implementation and supervision of the design, construction and start up of the Expansion including the selection of equipment manufacturers, architects, engineers and contractors and the procurement of all necessary permits.

(4) Environmental Services. Manager shall provide environmental management services, assigning the administration of those systems to an environmental compliance manager ("Environmental Manager"). The Environmental Manager will be provided by Manager, and the costs for the Environmental Manager will be born by Manager as part of the Management Fee. It is the responsibility of Manager to determine if all SAC operations at the Facility are in compliance with, or exceed, the requirements of all applicable environmental laws, regulations, statutes,

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ordinances and permit conditions ("Environmental Laws"). Any known or suspected exceptions to environmental compliance requirements discovered by the Environmental Manager shall be reported immediately to Manager who, in turn, shall notify the SAC Executive Committee of his findings. SAC Executive Committee shall thereafter notify Manager of actions to be taken and Manager shall, on behalf of SAC, take or cause to be taken such lawful actions as are requested of it by the SAC Executive Committee.

(5) Data Processing. Manager shall utilize its computer systems to provide computer services required to carry out its responsibilities under this Agreement.

(6) Risk Management. Manager shall contract for the purchase of insurance policies on behalf of SAC at coverage levels prescribed by the SAC Board. A list of the initial policies and coverage levels thereunder are set forth in Exhibit B hereof. Manager shall, on behalf of SAC, cause such policies (or such other policies which are satisfactory to or required by SAC) to be maintained during the term of this Agreement; provided, however, that subject to maintaining the coverage levels established by the SAC Board, Manager shall, at its discretion, have the authority to select or change insurance carriers, provided such carrier(s) have at least an equivalent insurance company rating.

3.02 Manager's Personnel. All of Manager's personnel providing services hereunder shall be exclusively employed by Manager or its affiliates, and Manager shall have the sole right to determine their conditions of employment, working hours, employment and vacation policies, seniority, promotions and assignments. Manager shall have the exclusive right to hire and fire any such personnel and shall comply with all the laws applicable to the employment of such personnel. Subject to the provisions of Section 6 below, Manager shall be solely responsible for the compensation of the employees and for all withholding taxes, Federal Insurance Contributions Act ("FICA") and Federal Unemployment Tax Act ("FUTA") taxes, unemployment insurance, workmen's compensation and any other insurance and fringe benefits with respect to such employees.

3.03 Accounts, Books and Record.

(1) Manager shall maintain separate accounts, books, and records for SAC with respect to services under Sections 3 and

4 of this Agreement, and these accounts, books and records shall be the property of SAC. Manager shall be responsible for maintaining SAC's accounts, books and records in good order and shall maintain them in a way that is sufficiently separate from Manager's own records so that SAC may have access to such documents during regular business hours upon request without

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raising an issue of confidentiality with respect to Manager's proprietary information. In the event this Agreement is terminated for any reason or expires, Manager shall return all of SAC's accounts, books and records in its possession to SAC as provided in Section 8.05.

(2) Manager shall make such of Manager's books and records that relate to the SAC Business, including the pricing of raw materials to the extent such information relates to the SAC Business, available to independent auditors selected by the SAC Board, or such other person or persons who are mutually acceptable to the parties, as is necessary to audit the Management Fee and Expenses charged to SAC and Manager's compliance with its obligations under this Agreement. Such auditors or person(s) shall be bound by a confidentiality agreement not to disclose such information to persons outside SAC or its professional advisors. SAC shall bear the costs of any independent accounting firm engaged by it for the purpose of performing the review described in this paragraph.

3.04 Attendance at Meetings of SAC Board and SAC Executive Committee.

(1) Manager will attend all regularly scheduled meetings of the SAC Board and all special meetings of the SAC Board at which its attendance is requested as long as Manager has been given reasonable notice of the time and place of the special meeting. At regularly scheduled meetings of the SAC Board, Manager will present a detailed report on operations, including any deviations from the Annual Business Plan, and Manager shall advise the SAC Board of deviations from the Annual Business Plan which it reasonably anticipates in the future. At special meetings of the SAC Board, Manager shall provide such information with respect to the management of SAC as may be reasonably requested by the SAC Board.

(2) It is anticipated that the SAC Executive Committee will meet on a monthly basis. If requested by the SAC Executive Committee, Manager shall attend meetings of the SAC Executive Committee, and provide a verbal report on operations and such other information as may be requested by the SAC Executive Committee. It is anticipated that the monthly meetings of the SAC Executive Committee will provide an opportunity for the parties to discuss SAC's performance on an ongoing basis. It will give Manager a convenient mechanism through which deviations from the Annual Business Plan can be reviewed and approved.

Section 4. Additional Services Provided by Manager.

Manager shall also perform other management functions relating to the SAC Business as may be requested from time to time by the SAC Board and agreed to by Manager, provided that the parties can agree upon a price for such services. If additional

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services are requested under this Section, Manager agrees to offer SAC a price or fees (excluding applicable taxes and transportation costs, which shall be charged to SAC at cost) for

such services which is no less favorable than those charged by Manager to other entities of a similar size and location; provided, however, that under no circumstances shall Manager charge SAC an amount which is less than Manager's actual cost. If SAC and Manager cannot agree on a price for additional services under this Section, SAC shall be free to obtain such services from others.

Section 5. Board Functions. In addition to SAC Board's general responsibilities of directing the business and affairs of the organization and approving the Annual Business Plan, the responsibilities of the SAC Board will include, but not be limited to, supervising the performance of SAC in accordance with the Annual Business Plan, establishing capital requirements for its members, reviewing and approving long-term business plans, approving major financial undertakings, and supervising the performance of Manager under this Agreement. It will be the SAC Board's responsibility to assure that all costs are fairly allocated (as determined by the Board) to the various products produced at SAC. Product pricing and rebates will be at the discretion of the SAC Board.

Section 6. SAC Payments.

6.01 Management Fee. In consideration for the services to be provided by Manager pursuant to this Agreement, SAC shall pay to Manager a management services fee equal to 15(cent sign) per physical case of bottles and cans, and 15(cent sign) per unit of post mix bag-in-a-box as described in Exhibit C hereto (each such case or unit quantity of bottles, cans, or post-mix as described in Exhibit C being herein referred to for purposes hereof as "Physical Case/Unit") manufactured by SAC from and after the earlier of October 1, 1994 or the completion of the Expansion (the "Management Fee"). No Management Fee shall be paid on shipments of bulk syrup. Subject to the provisions of Section 8.02, the Management Fee shall be increased effective as of the beginning of each fiscal year (commencing September 1, 1995) in accordance with the increase in the Urban Wage Earners and Clerical Workers-South-ALL Items consumer price index published by the U.S. Department of Labor ("CPI") for the most recent twelve (12) month period for which statistics are available on January 1 of each year; provided, however that the Management Fee shall not exceed 25(cent sign) per Physical Case/Unit during the Term of this Agreement.

6.02 Reimbursable Expenses. with respect to payments made by Manager from Manager's separate funds, SAC shall reimburse Manager for employees' costs incurred at the Facility and other charges for specific materials or service at the Facility as well as third party fees as long as such costs and charges are within

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the ranges established in the Annual Business Plan or otherwise approved by the SAC Board ("Reimbursable Expenses").

(a) No Reimbursable Expense other than those described in the Annual Business Plan shall be payable by SAC unless such expense is (1) less than \$25,000, or (2) otherwise approved by the SAC Board or Executive Committee; provided, however, that the parties hereto recognize that ordinary operating expenses of the SAC Business paid by Manager on SAC's behalf that exceed amounts budgeted in the Annual Business Plan as a result of an increase in the sales volume shall be reimbursable to the extent such amounts are reasonably incurred.

(b) Manager shall be responsible for administrative costs it incurs to provide managerial services under this Agreement to the extent such services are not performed at the Facility. All functions that are currently being performed by Manager's personnel based at Manager's Corporate Offices will not be considered to be performed at the Facility and will be covered by the Management Fee. These functions are listed in Exhibit E.

Manager may not shift functions or personnel to the Facility without approval of the SAC Board. Reimbursable Expenses will be included in the Annual Business Plan and are subject to audit at least annually at the request of SAC as provided in Section 3.03 hereof.

(c) The following expenses are examples of direct expenses of SAC to be paid by SAC as provided in the Annual Business Plan or otherwise approved by the Board of Directors. In the event Manager pays direct expenses of this type on SAC's behalf, such expenses shall be Reimbursable Expenses to Manager if the expenses are within the Annual Business Plan or are approved by the SAC Board or SAC Executive Committee:

(1) Entity and On Site Expenses. SAC will incur direct expenses related to its form of entity or the SAC Business in the form of fees or taxes to third parties such as state or local governments. In addition, SAC (or Manager on behalf of SAC) will incur certain expenses directly related to the routine operation of the Facility including the cost of On Site Employees of SAC or Manager. "On Site Employees" shall include all direct and indirect labor as well as management and administrative employees based at the Facility whether such employees are Manager Employees or SAC Employees. Examples of such expenses are set forth on Exhibit D.

(2) Miscellaneous Expense. Other reasonable and necessary expenses directly related to SAC's business operations or administration thereof which are set forth on Exhibit F.

6.03 Payments, Reconciliation and Reimbursement.

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(a) Estimated Management Fee Payments. Subject to the provisions of Section 8.01 hereof, the estimated Management Fee as determined from the Annual Business Plan shall be paid as follows: SAC shall pay to Manager on or before the 15th of each month a monthly disbursement equal to the estimated Management Fee allocable for each month as determined from the Annual Business Plan.

(b) Quarterly Reconciliation of Payments. On or before the end of each fiscal quarter, beginning with the second fiscal quarter following the Effective Date, Manager will furnish to SAC a statement reconciling actual Physical Case/Unit sales for the immediately preceding fiscal quarter against the estimated amounts used in determining the amount of the monthly disbursement. For each quarter, the parties shall make a true-up adjustment in such amount as is necessary to ensure that the aggregate estimated monthly payments paid to Manager for the reconciled fiscal quarter are not more than or less than the amounts that would have been paid had the actual Management Fee been known to the parties at the time the monthly advances were paid. Any refund due from Manager to SAC, and any additional payment due from SAC to Manager, as a result of this reconciliation shall upon determination thereof be paid or credited to the appropriate party in connection with the next ensuing payment of the estimated Management Fee.

(c) Reimbursement of Expenses. SAC shall reimburse the Manager for all Reimbursable Expenses. The Manager will provide SAC monthly with a detailed invoice for all expenses reimbursable under this Section 6.03(c). All such invoices shall be due and payable upon receipt thereof.

(d) SAC Bank Account/Check Signing Authority.

(1) The Manager will administer a separate bank

account on behalf of SAC ("SAC Bank Account") into which sales revenue and all other monies of SAC shall be deposited and from which expenses and fees of and distributions from SAC shall be paid. The Manager shall be responsible for maintaining and administering the SAC Bank Account in accordance with this Agreement. With the consent of the SAC Board, Manager may change the financial institution in which the SAC Bank Account is held or the branch location of the account.

(2) Within limitations established by the SAC Board, the Manager shall be authorized to sign all checks and drafts and execute all wire transfers for disbursements in satisfaction of all debts, obligations and expenses of SAC and the countersignature of another person shall not be required.

6.04 Management Fee Distinguished from Distributions. All fees and other payments paid by SAC to Manager under this Section

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6 shall be treated as expenses of SAC and not part of a patronage distribution paid to Manager by SAC.

Section 7. Obligations of SAC.

7.01 Duties of SAC. To facilitate the performance of Manager's services, SAC agrees to provide the following:

(a) to the extent approved by the SAC Board in the Annual Business Plan, provide or cause to be provided at no charge to Manager sufficient secure building space, furniture, facilities and office equipment to enable Manager's on site personnel to carry out their obligations under this Agreement;

(b) assist Manager in obtaining, or cause to be obtained any permits, applications, authorizations or forms required by or from the federal, state or local governments for the specific services areas;

(c) afford Manager's personnel unlimited and unrestricted access to all areas of the Facility;

(d) cooperate with Manager and direct all SAC personnel (if any) to extend maximum cooperation to Manager in accordance with this Agreement;

(e) use its best efforts to support Manager's requests to SAC members for their estimates of annual volume requirements by brand and package for planning purposes each year and for use in preparing annual budgets;

(f) use its best efforts to support Manager's request to SAC members to provide product orders to Manager in a manner and within time parameters reasonably requested by Manager;

(g) if approved by the SAC Board, maintain a revolving line of credit or other financing sufficient in the reasonable judgment of SAC to satisfy SAC's working capital needs; and

In addition, SAC agrees that it will cause the SAC Board or its designee to consider approval of any capital expenditure requiring approval, not otherwise set forth in the Annual Business Plan, no later than fifteen (15) Business Days after receipt of written request for approval from Manager.

Section 8. Term

8.01 Effective Date. This Agreement shall become effective upon the approval by SAC's stockholders of an amendment to SAC's Bylaws which will allow the SAC Board to assign some or all of the management responsibilities for SAC to a person or organization other than the officers of the corporation (the "Effective Date").

8.02 Duration. Unless terminated pursuant to Section 8.03 below, this Agreement shall continue in full force and effect for a term of ten (10) years following the Effective Date (the "Term"). The parties anticipate that they will negotiate an extension of this Agreement during the tenth (10th) year of the Term but acknowledge that neither party shall be bound by the provisions of this Agreement beyond the Term.

8.03 Early Termination. This Agreement shall terminate early as follows:

(a) Breach by Manager.

(1) If at any time Manager shall default in the performance of any of its obligations under this Agreement or otherwise fails to comply in all material respects with policies and directives of the SAC Board, and such default or breach shall continue for a period of ninety (90) days after SAC has given notice to Manager specifying such default or breach and requiring it to be remedied, then SAC shall have the right to terminate this Agreement, provided that SAC has determined in its reasonable business judgment that an alternative manager could have met the performance requirements during the period of Manager's noncompliance, and further provided that the SAC Board requires similar performance requirements of the management it selects to replace Manager.

(2) At the time this Agreement is executed, Manager will become a member of SAC and execute a membership agreement with SAC. At this time, Manager will also sign a purchase agreement with SAC. This purchase requirement will be measured based on an annual year of September 1 to August 31 each year, starting on September 1, 1994. If Manager discontinues its membership or fails to meet its membership requirements in SAC, SAC may terminate this Agreement. If Manager fails to meet its purchase requirements for any year, or it would be clear to a reasonable business person that it cannot or will not meet these requirements for a particular year, SAC may terminate this Agreement.

(3) If the Agreement is terminated under Section 8.03(a), Manager agrees to continue to provide services pursuant to the terms described herein for a reasonable transition period following termination by SAC, if SAC so requests.

(b) Breach by SAC. If at any time SAC shall default in the performance of any of its material obligations under this Agreement and such default or breach shall continue for a period of ninety (90) days after Manager has given notice to SAC specifying such default or breach and requiring it to be remedied, then Manager shall have the right to terminate this Agreement. If the Agreement is terminated under this paragraph, Manager agrees to continue to provide services pursuant to the

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terms described herein for a reasonable transition period following termination by Manager, if SAC so requests.

(c) Failure of Expansion to be Completed. If the Expansion shall not have been completed by December 31, 1994, Manager shall have the right at any time thereafter to terminate this Agreement prior to actual completion of the Expansion; provided, however, that Manager's right to terminate under this Section 8.03(c) shall not exist so long as SAC is using its best efforts to complete the expansion by December 31, 1994. Manager shall provide SAC with ninety (90) days notice of a termination under

this paragraph.

(d) Bankruptcy Decree. If a decree or order of a court having jurisdiction has been entered adjudicating a party bankrupt, insolvent, or approving a petition seeking reorganization of such party under any bankruptcy act or any similar applicable law, and such decree or order has continued undischarged or unstayed for a period of sixty (60) days; or a decree or order of court having jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of such party or all or substantially all of its property, or for the winding up or liquidation of its affiliates, has been entered, and such decree or order has remained in force undischarged or unstayed for a period of sixty (60) days, then the other party shall have the right to terminate this Agreement by giving the first mentioned party notice to that effect within thirty (30) days after the expiration of such sixty-day period.

(e) Institution of Bankruptcy Proceedings. If a party institutes proceedings to be adjudicated voluntarily bankrupt or consents to the filing of bankruptcy proceedings against it, or files a petition for answer or consent seeking reorganization under any bankruptcy act or similar law or consents to the filing of any petition or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it, or all or substantially all of its property, or makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due, then the other party shall have the right to terminate this Agreement by giving the first mentioned party notice to that effect within thirty (30) days after the occurrence of such event.

8.04 Effect of Termination. Upon the termination of this Agreement, this Agreement shall be of no further force and effect, except that the provisions Section 8, 9, 10, and 11 shall continue in full force and effect indefinitely. Upon the termination of this Agreement, SAC shall immediately pay Manager the balance of the Management Fee accrued hereunder to the date of termination and all reimbursable expenses payable to Manager hereunder. Upon termination or expiration of this Agreement, Manager shall immediately return to SAC all of SAC's accounts,

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books and records in Manager's possession as well as any other property belonging to SAC, and Manager shall remove all Manager Employees from the Facility and leave the Facility in good order, unless Manager has been requested by SAC to continue to provide services during a reasonable transition period under Sections 8.03(a) or 8.03(b) of this Agreement, in which case Manager shall return SAC's property and leave the premises in good order at the end of the transition period.

Section 9. Confidentiality.

9.01 Confidential Information. The parties acknowledge that each of them may be required to disclose Confidential Information to government agencies or authorities by law, upon the advice of counsel, and each shall endeavor to limit disclosure to that purpose. Each Party will give the other prior written notice of any disclosure pursuant to this paragraph, which notice shall specify the substance of any such disclosure.

9.02 Identification. Each party hereto will take appropriate steps to enable the other party hereto to identify the information that should be protected as Confidential Information. Accordingly, each party shall legend or otherwise designate as proprietary any material furnished to the other party which it believes to be Confidential Information. In addition, any Confidential Information that is imparted orally

shall be identified as proprietary. Information that is not so identified shall not be considered Confidential Information. Also, information that is generally known or that has been disclosed to a third party by the party claiming confidentiality shall not be considered Confidential Information for purposes of this Agreement.

9.03 Acknowledgment of Confidential Information. Each party recognizes and acknowledges (a) that Confidential Information of the other party may be commercially valuable proprietary products of such party, the design and development of which may have involved the expenditure of substantial amounts of money and the use of skilled development experts over a long period of time and which afford such party a commercial advantage over its competitors; (b) that the loss of this competitive advantage due to unauthorized disclosure or use of Confidential Information of such party may cause great injury and harm to such party; (c) that the restrictions imposed upon the parties under this Agreement are necessary to protect the secrecy of Confidential Information and to prevent the occurrence of such injury and harm.

9.04 Nondisclosure. Each party who receives Confidential Information hereunder (the "Receiving Party") agrees that it will not, without the prior written consent of the party from whom such Confidential Information was obtained (the "Disclosing Party"), disclose, divulge or permit any unauthorized person to

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obtain any Confidential Information disclosed by the Disclosing Party (whether or not such Confidential Information is in written or tangible form) for as long as the pertinent information or data remain Confidential Information. The Receiving Party hereby agrees to indemnify and hold harmless the Disclosing Party from and against any and all damage, loss, liability and expense (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses) arising from any such unauthorized disclosure by the Receiving Party or its personnel. The Receiving Party agrees that it will use any Confidential Information disclosed by the Disclosing Party hereunder (whether or not such Confidential Information is in written or tangible form) only for purposes of the business of SAC, for as long as the pertinent information or data remain Confidential Information. The Receiving Party hereby agrees to indemnify, defend and hold harmless the Disclosing Party from and against any Loss arising from any such unauthorized disclosure by the Receiving Party or its personnel.

9.05 Security. To protect the Confidential Information of the parties, each party shall adopt basic security measures of the kind commonly observed in industries in the United States of America that rely extensively on proprietary information. Security measures, to the extent appropriate, shall include physical security measures, restrictions on access by unauthorized personnel, use of confidentiality agreements with personnel, legending, systematic segregation, and appropriate record retention systems.

Section 10. Manager's Liability and Indemnification.

10.01 Limitation on Liability. Manager shall not be responsible for any errors in judgment made in good faith in the performance of its duties hereunder; provided, however, that nothing contained herein shall release Manager of any responsibility it may have for claims based on the gross negligence or willful misconduct of Manager.

10.02 Indemnification. To the extent agents of SAC are entitled to indemnification in SAC's Bylaws, SAC shall indemnify and hold Manager and its affiliates, directors, officers,

employees and agents (each an "Indemnatee") harmless from any and all liabilities, losses, damages, suits, judgments, fines, demands and expenses ("Losses") arising in connection with the SAC Business (a "Claim"); provided, however, that any such Losses arising out of Manager's material breach of this Agreement, gross negligence, fraud or willful misconduct shall be the responsibility of Manager and Manager shall be liable to and indemnify SAC from and against any Losses incurred by SAC as a result thereof.

10.03 Indemnity Procedure for Third Party Claims. The obligations and liabilities of SAC to indemnify an Indemnatee or

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Manager to indemnify SAC, as applicable, for third party claims (including those by Manager Employees) under this Section 10 shall be subject to the following terms and conditions:

(a) The person or entity (i.e., SAC, Manager or Indemnatee) making a claim ("Claimant") will give the party from whom indemnity is sought ("Notified Party") prompt notice of such Claim. The failure to promptly notify a party of any such Claim shall not relieve the party of its obligation hereunder, unless the failure to so notify such party materially prejudices such party's ability to defend such Claim.

(b) Following notice by the Claimant to the Notified Party of a Claim, the Notified Party shall be entitled at its cost and expense to contest and defend such Claim by all appropriate legal proceedings; provided, however, that notice of the intention so to contest shall be delivered by the Notified Party to the Claimant within thirty (30) days from the date of receipt by the Notified Party of notice from the Claimant of the assertion of such Claim. Any such contest may be conducted in the name and on behalf of the Notified Party or the Claimant, as may be appropriate. Such contest shall be conducted diligently by reputable counsel employed by the Notified Party, but the Notified Party shall keep the Claimant fully informed with respect to such Claim and the contest thereof and the Claimant shall have the right to engage its own counsel at its own expense. If the Claimant joins in any such contest, the Notified Party shall have full authority, in consultation with the Claimant, to determine all action to be taken with respect thereto provided, however, that in no event shall the Notified Party have authority to agree to any relief other than the payment of money damages by the Claimant unless agreed to by the Claimant. Each party shall bear its own expense of such representation. If any Claim is asserted and the Notified Party fails to contest and defend such Claim within a reasonable period of time, the Claimant may take such action in connection therewith as the Claimant deems necessary or desirable, including retention of counsel, and the Claimant shall be entitled to indemnification of the costs incurred in connection with such defense.

(c) If requested by the Notified Party, the Claimant shall cooperate with the Notified Party and its counsel, including permitting reasonable access to books and records, in contesting any Claim which the Notified Party elects to contest or, if appropriate, in making any counterclaim against the person asserting the Claim on behalf of Claimant or Notified Party, or any cross-complaint against any person, and the Notified Party will reimburse the Claimant for reasonable out-of-pocket costs (but not the cost of employee time expended) incurred by the Claimant in so cooperating.

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(d) The Claimant agrees to afford the Notified Party and its counsel the opportunity to be present at, and to participate in, conferences with all persons, including governmental authorities, asserting any Claim against the Claimant or conferences with representatives or counsel for such persons. Unless the Notified Party approves in writing the settlement of a Claim, no right to indemnification under Section 9.02 shall be established by such settlement.

10.04 Force Majeure. Delay in performance or non-performance by Manager or SAC shall be excused to the extent such performance is prevented by an Act of God or other event beyond the reasonable control of the nonperforming party.

Section 11. Dispute Resolution.

11.01 Attempts to Resolve. All disputes and differences raised by any party to this Agreement which may arise out of or in connection with or with respect to this Agreement (including but not limited to any rights of indemnification under Section 10 hereof) will be settled as far as possible by means of negotiations between Manager and the SAC Executive Committee. If any such dispute is not resolved by Manager and the SAC Executive Committee within five (5) business days of commencement of negotiations, then either party may submit the dispute to arbitration in accordance with Section 11.02 of this Agreement for a binding resolution thereof.

11.02 Arbitration. Except as provided in Section 11.05 hereof, any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof which cannot be resolved by the parties pursuant to Section 11.01 hereof shall be settled by arbitration in accordance with the Arbitration Rules of the American Arbitration Association in effect on the date of this Agreement (the "Rules") as modified in this Article. The arbitration shall be held at a site mutually agreeable to the parties.

There shall be three arbitrators of whom each party shall select one within 15 days following respondent's receipt of claimant's notice of arbitration and statement of claim. The two party-appointed arbitrators shall select a third arbitrator to serve as presiding arbitrator within 15 days of the appointment of the second arbitrator. In the event one party fails to appoint an arbitrator within said 15 day period, then the arbitrator that has been selected by the other party shall select a second arbitrator and such arbitrators shall select a third arbitrator to be the presiding arbitrator.

11.03 Claims and Judgments. Within twenty (20) days of the respondent's receipt of the claimant's notice of arbitration and statement of claim, the respondent shall serve the claimant with its statement of defense and any counterclaims. Within twenty

(20) days of claimant's receipt of the respondent's statement of defense and counterclaims, the claimant shall serve its statement of defense to any counterclaims or set-offs asserted by the respondent. The tribunal shall permit and facilitate such prehearing discovery and exchange of documents and information to which the parties in writing agree or which it determines is relevant to the dispute between the parties as is appropriate taking into account the needs of the parties and the desirability of making discovery expeditious and cost-effective. All discovery shall be completed within forty-five (45) days from the date on which the respondent communicates its statement of defense and counterclaims, if any, to the claimant. The hearing shall be held no later than ninety (90) days following the selection of the presiding arbitrator. Any arbitration award

shall be rendered in U.S. dollars, with appropriate interest as determined by the tribunal. Judgment on any award shall be entered in any court having jurisdiction thereof.

11.04 Submission to Jurisdiction. For purposes of disputes arising under this Agreement, the parties hereto submit themselves to the jurisdiction of the state and federal courts located in North and South Carolina with respect to the enforcement of any arbitration award. Each of the parties hereby consents to the service of process by registered mail at its address set forth below and agrees that its submission to jurisdiction and its consent to service of process by mail is made for the express benefit of the other party. The arbitration shall be governed by the Federal Arbitration Act, 9. U.S.C. (section mark)(section mark) 1-16, 201-208.

11.05 Right to Additional Remedies. Notwithstanding anything to the contrary in this Article, in the event any intellectual property (including Confidential Information) is used in violation of the terms of this Agreement, each party shall be entitled, in addition to the remedy of arbitration set forth herein, to apply immediately to any court of competent jurisdiction for immediate injunctive relief. Each party hereby submits itself to the jurisdiction of the state and federal courts located in North and South Carolina for any such relief or for the enforcement of any arbitration award against such party.

Section 12. Press Release.

The parties hereto shall attempt to consult with each other, when possible, before issuing any press release or otherwise making any public statements with respect to this Agreement and the transactions contemplated hereby and shall not issue any such press release or make any public statement prior to such consultation, except as may be required by law.

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Section 13. Independent Status of Parties.

Except as specifically provided herein, nothing contained in this Agreement shall be construed to constitute a party as agent for the other party. Except as specifically provided herein, neither party shall have the right to bind the other party, transact any business in the other party's name or on its behalf in any manner or form, or to make any promises or representations on behalf of the other party.

Section 14. Assignment.

Neither SAC nor Manager shall assign or transfer any right or obligation hereunder whether by operation of law, merger (which, for purposes hereof, shall constitute an assignment) or otherwise without the prior written consent of the other. Any such attempted assignment or transfer in violation of this Section 14 shall be void and without legal effect. Notwithstanding the foregoing, Manager may assign all or any of its rights and obligations hereunder to any wholly owned subsidiary (direct or indirect) of Manager, provided, however, that (a) (i) Manager shall give SAC written notice of such assignment, (ii) any such assignee shall execute an agreement assuming such duties and obligations and deliver the same to SAC, and (iii) Manager shall deliver to SAC a written unconditional guaranty of the performance of the duties and obligations so assigned and assumed and (b) such rights and obligations shall revert back to Manager at such time as the assignee ceases to be a wholly owned subsidiary of Manager. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto.

Section 15. Governing Law.

This agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, regardless of any conflicts of laws or rules which would require the application of the laws of another jurisdiction.

Section 16. Miscellaneous.

16.01 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other Person shall be in writing and delivered personally or by mail or any express mail service to the addresses set forth below.

(a) If to Manager:

Coca-Cola Bottling Co. Consolidated
1900 Rexford Road
Charlotte, NC 28211
Attention: Chief Financial Officer
Telecopy Number: (704) 551-4451

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With a copy to:

Witt, Gaither & Whitaker
1100 American National Bank Building
Chattanooga, TN 37401
Attention: Ralph M. Killebrew, Jr.
Telecopy Number: (615) 266-4138

(b) If to SAC:

South Atlantic Cannery, Inc.
601 Cousar Street
Bishopville, South Carolina 29010
Attention: Chairman, Board of Directors
Telecopy Number: (803) 484-5841

With a copy to:

McDermott, Will & Emery
1200 18th Street, N.W.
Washington, D.C. 20036-2506
Attention: J. Gary McDavid
Telecopy Number: (202) 778-8335

16.02 Nonwaiver of Default. Any failure by either party at any time or from time to time to enforce and require the strict keeping and performance of any of the terms and conditions of this Agreement shall not constitute a waiver of any such terms and conditions at any future time and shall not permit such party from insisting on the strict keeping and performance of such terms and conditions at any later time.

16.03 Interpretation. Should the provisions of this Agreement require judicial or arbitral interpretation, it is agreed that the judicial or arbitral body interpreting or construing the same shall not apply the assumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party which itself or through its agents prepared the same, it being agreed that the agents of both parties have participated in the preparation herein equally.

16.04 Partial Invalidity. If any portion of this Agreement is held invalid, illegal or unenforceable and such invalidity, illegality, or unenforceability shall not have a material adverse effect with respect to the transactions contemplated herein taken as a whole, such determination shall not impair the enforceability of the remaining terms and provisions contained herein. In such event, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms

were limited to the extent whereby such terms would be valid, legal and enforceable. If such limitation is not possible, this Agreement shall be construed and interpreted as if such invalid,

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illegal or unenforceable terms were severed and not included herein.

16.05 Amendment or Rescission. This Agreement shall not be modified or rescinded except by a written instrument setting forth such modification or rescission and signed by the parties hereto.

16.06 Duplicate Originals. For the convenience of the parties hereto, this Agreement may be executed in two counterparts, and each such counterpart shall be deemed to be an original instrument and together constitute one and the same Agreement.

16.07 Captions. The captions or headings of the Sections and other subdivisions hereof are inserted only as a matter of convenience or for reference and shall have no effect on the meaning of the provisions hereof.

16.08 Entirety of Agreement. This Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, covenants, conditions or undertaking, oral or written, expressed or implied, concerning such subject matter that are not merged herein.

16.09 Plurals, Etc. As used herein or in any document which incorporates the terms hereof:

(a) the plural form of the noun shall include the singular and the singular shall include the plural, unless the context requires otherwise;

(b) each of the masculine, neuter and feminine forms of any pronoun shall include all forms unless the context otherwise requires; and

(c) words of inclusion shall not be construed as terms of limitation, so that references to included matters shall be regarded as non-exclusive, non-characterizing illustrations.

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IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its duly authorized representative as the date first written above.

MANAGER:

Coca-Cola Bottling Co. Consolidated

By: David V. Singer

Its: Vice President & Chief Financial Officer

SAC:

South Atlantic Cannery, Inc.

By: A. T. Heath, Jr.

Its: Chairman of the Board

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Guaranty Agreement

WHEREAS, the undersigned has requested WACHOVIA BANK OF NORTH CAROLINA, N.A. (herein called "Bank") to extend credit or make certain financial accommodations to SOUTH ATLANTIC CANNERS, INC., a South Carolina corporation (herein called "Borrower") or to renew or extend, in whole or in part, existing indebtedness or financial accommodations of the Borrower to the Bank, and the Bank has extended credit or extended or renewed existing indebtedness or made financial accommodations and/or may in the future extend credit or extend or renew existing indebtedness or make certain financial accommodations by reason of such request and in reliance upon this guaranty:

NOW, THEREFORE, in consideration of such credit extended or renewed and/or to be extended or renewed or such financial accommodations made or to be made in its discretion by the Bank to the Borrower (whether to the same, greater or lesser extent than any limit, if applicable, of this guaranty), in consideration of \$5.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby unconditionally guarantees to the Bank and any of "Bank's Affiliates", as herein defined (the Bank and the Bank's Affiliates being hereinafter collectively and/or individually, as the context shall require, referred to as "Lender"), and their successors, endorsees, transferees and assigns, the punctual payment when due, whether by acceleration or otherwise, and at all times thereafter of (a) all debts, liabilities and obligations whatsoever of the Borrower to the Lender, now existing or hereafter coming into existence, whether joint or several, whether created directly or acquired by endorsement, assignment or otherwise, whether absolute or contingent, secured or unsecured, due or not due, including but not being limited to notes, checks, drafts, credits, advances and obligations to reimburse draws against letters of credit; (b) accrued but unpaid interest on such debts, liabilities and obligations, whether accruing before or after any maturity(ies) thereof; and (c) reasonable attorneys' fees (not to exceed 15% of the then outstanding principal and interest of the indebtedness, to the extent not prohibited by law) if any such debts, liabilities or obligations of the Borrower are collected, or the liability of the undersigned hereunder enforced, by or through any attorney at law (all of (a), (b) and (c) being hereinafter referred to as the "Obligations"). As used herein, "Bank's Affiliates" means any entity or entities now or hereafter directly or indirectly controlled by Wachovia Corporation or any successor thereto. References herein to Borrower shall be deemed to include any successor corporations to Borrower, if Borrower is a corporation, or any reconstituted partnerships of Borrower, if Borrower is a partnership.

The undersigned consents that, at any time, and from time to time, either with or without consideration, the whole or any part of any security now or hereafter held for any Obligations may be substituted, exchanged, compromised, impaired, released, or surrendered with or without consideration; the time or place of payment of any Obligations or of any security thereof may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; the Borrower may be granted indulgences generally; any of the provisions of any note or other instrument evidencing any Obligations or any security therefor may be modified or waived; any party liable for the payment thereof (including but not being limited to any co-guarantor) may be granted indulgences or released; neither the death, termination of existence, bankruptcy, incapacity, lack of authority nor disability of the Borrower or any one or more of the guarantors, including any of the undersigned, shall affect the continuing obligation of any other guarantor, including any of the undersigned, and that no claim need be asserted against the personal representative, guardian, custodian, trustee or debtor in bankruptcy or receiver of any deceased, incompetent, bankrupt or insolvent guarantor; any deposit balance to the credit of the Borrower or any other party liable for the payment of the Obligations or liable upon any security therefor may be released, in whole or in part, at, before and/or after the stated, extended or accelerated maturity of any Obligations; and the Lender may release, discharge, compromise or enter into any accord and satisfaction with respect to any collateral for the Obligations, or the liability of the Borrower or any of the undersigned, or any liability of any other person primarily or secondarily liable on any of the Obligations, all without notice to or further assent by the undersigned, who shall remain bound hereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence, release, discharge or

accord and satisfaction.

Without limiting any of the foregoing, in the event of death, incompetency, or dissolution of the Borrower, or should the Borrower become insolvent (as defined by the North Carolina Uniform Commercial Code as in effect at the time), or if a petition in bankruptcy be filed by or against the Borrower, or if a receiver be appointed for any part of the property or assets of the Borrower, or if any final judgment for money damages be entered against the Borrower in a court of competent jurisdiction and remain unsatisfied for a period of sixty (60) days or more in the amount of \$250,000 or more.

The undersigned expressly waives: (a) notice of acceptance of this guaranty and of all extensions or renewals of credit or other financial accommodations to the Borrower; (b) presentment and demand for payment of any of the Obligations; (c) protest and notice of dishonor or of default to the undersigned or to any other party with respect to any of the Obligations or with respect to any security therefor; (d) any invalidity or disability in whole or in part at the time of the acceptance of, or at any time with respect to, any security for the Obligations or with respect to any party primarily or secondarily liable for the payment of the Obligations to the Lender; (e) the fact that any security for the Obligations may at any time or from time to time be in default or be inaccurately estimated or may deteriorate in value for any cause whatsoever; (f) any diligence in the creation or perfection of a security interest or collection or protection of or realization upon the Obligations or any security therefor, any liability hereunder, or any party primarily or secondarily liable for the Obligations or any lack of commercial reasonableness in dealing with any security for the Obligations; (g) any duty or obligation on the part of the Lender to ascertain the extent or nature of any security for the Obligations, or any insurance or other rights respecting such security, or the liability of any party primarily or secondarily liable for the Obligations, or to take any steps or action to safeguard, protect, handle, obtain or convey information respecting, or otherwise follow in any manner, any such security, insurance or other rights; (h) any duty or obligation on the Lender to proceed to collect the Obligations from, or to commence an action against, the Borrower, any other guarantor, or any other person, or to resort to any security or to any balance of any deposit account or credit on the books of the Lender in favor of the Borrower or any other person, despite any notice or request of the undersigned to do so; (i) any rights of the undersigned pursuant to North Carolina General Statute Section 26-7 or any similar or subsequent law; (j) to the extent not prohibited by law, the right to assert any of the benefits under any statute providing appraisal or other rights which may reduce or prohibit any deficiency judgments in any foreclosure or other action; (k) all other notices to which the undersigned might otherwise be entitled; and (l) demand for payment under this guaranty.

This is a guaranty of payment and not of collection. The liability of the undersigned on this guaranty shall be continuing, direct and immediate and not conditional or contingent upon either the pursuit of any remedies against the Borrower or any other person or foreclosure of any security interests or liens available to the Lender, its successors, endorsees or assigns. The Lender may accept any payment(s), plan for adjustment or debts, plan for reorganization or liquidation, or plan of composition or extension proposed by, or on behalf of, the Borrower or any other guarantor without in any way affecting or discharging the liability of the undersigned hereunder. If the Obligations are partially paid, the undersigned shall remain liable for any balance of such Obligations. This guaranty shall be revived and reinstated in the event that any payment received by Lender on any Obligation is required to be repaid or rescinded under present or future federal or state law or regulation relating to bankruptcy, insolvency or other relief of debtors. The undersigned agrees to furnish promptly to the Bank annual financial statements and such other current financial information as the Bank may reasonably request from time to time.

The undersigned expressly represents and acknowledges that loans and other financial accommodations by the Lender to the Borrower are and will be to the direct interest and advantage of the undersigned.

The Lender may, without notice of any kind, sell, assign or transfer all or any of the Obligations, and in such event each and every immediate and successive assignee, transferee, or holder of all or any of the Obligations shall have the right to enforce this guaranty, by suit or otherwise, for the

benefit of such assignee, transferee or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits, but the Lender shall have an

unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this guaranty for the benefit of the Lender, as to so much of the Obligations as it has not sold, assigned or transferred.

No delay or failure on the part of the Lender in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

For the purpose of this guaranty, the Obligations shall include all debts, liabilities and obligations of the Borrower to the Lender, notwithstanding any right or power of the Borrower or anyone else to assert any claim or defense as to the invalidity or unenforceability thereof, and no such claim or defense shall impair or affect the obligations and liabilities of the undersigned hereunder. Without limiting the generality of the foregoing, if the Borrower is a corporation, partnership, joint venture, trust or other form of business organization, this guaranty covers all Obligations purporting to be made in behalf of such organization by any officer or agent of the same, without regard to the actual authority of such officer or agent. The term "corporation" shall include associations of all kinds and all purported corporations, whether or not correctly and legally chartered and organized.

To the extent not prohibited by law, the undersigned hereby grants to the Lender a security interest in and security title and hereby assigns, pledges, transfers and conveys to Lender (i) all property of the undersigned of every kind or description now or hereafter in the possession or control of the Lender, exclusive of any such property in the possession or control of the Lender as a fiduciary other than as agent, for any reason including, without limitation, all cash, stock or other dividends and all proceeds thereof, and all rights to subscribe for securities incident thereto and any substitutions or replacements therefor and (ii) any balance or deposit accounts of the undersigned, whether such accounts be general or special, or individual or multiple party, and upon all drafts, notes, or other items deposited for collection or presented for payment by the undersigned with the Lender, exclusive of any such property in the possession or control of the Lender as a fiduciary other than as agent, and the Lender may at any time, without demand or notice, appropriate and apply any of such to the payment of any of the Obligations, whether or not due, except for other indebtedness, obligations and liabilities owing to Lender or any of Lender's Affiliates that constitute open-end credit under, or are subject to, the requirements of the Truth-in-Lending Act and Federal Reserve Board Regulation Z and any applicable state consumer laws.

Any amount received by the Lender from whatever source and applied by it toward the payment of the Obligations shall be applied in such order of application as the Lender may from time to time elect.

This guaranty shall bind and inure to the benefit of the Lender, its successors and assigns, and likewise shall bind and inure to the benefit of the undersigned, their heirs, executors, administrators, successors and assigns. If more than one person shall execute this guaranty or a similar, contemporaneous guaranty, the term "undersigned," shall mean, as used herein, all parties executing this guaranty and such similar guaranties and all such parties shall be liable, jointly and severally, one with the other and with the Borrower, for each of the undertakings, agreements, obligations, covenants and liabilities provided for herein with respect to the undersigned. This guaranty contains the entire agreement and there is no understanding that any other person shall execute this or a similar guaranty. Furthermore, no course of dealing between the parties, no usage of trade, and no parol or extrinsic evidence shall be used to supplement or modify any terms of this guaranty; nor are there any conditions to the complete effectiveness of this guaranty.

This guaranty shall be deemed accepted by Lender in the State of North Carolina. The parties agree that this guaranty shall be deemed, made, delivered, performed and accepted by Lender in the State of North Carolina and shall be governed by the laws of the State of North Carolina. Wherever possible each provision of this guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this guaranty shall be prohibited by or invalid under such law, such provision

shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this guaranty.

The undersigned (a) submits to personal jurisdiction in the State of North Carolina, the courts thereof and any United States District Court sitting therein, for the enforcement of this guaranty, (b) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of North Carolina for the purpose of litigation to enforce this guaranty, and (c) agrees that service of process may be made upon the undersigned by first class postage prepaid mail, addressed to the undersigned at the latest address of the undersigned known to the Bank (or at such other address as the undersigned may specify for the purpose by notice to the Bank). Nothing herein contained, however, shall prevent the Lender from bringing any action or exercising any rights against any security and against the Borrower personally, and against any assets of the Borrower, within any other state or jurisdiction.

This guaranty shall remain in full force and effect as to each of the undersigned unless and until terminated as to one or more of the undersigned by notice to that effect actually received by the Bank, by registered mail, addressed to Bank at 301 N. Main St., Suite 32092, Winston-Salem, NC 27101, but no such notice shall affect or impair the liabilities hereunder of such of the undersigned who gives or on whose behalf is given any such notice for the Obligations existing at the date of receipt by the Bank of such notice, any renewals, modifications, or extensions thereof (whether made before or after such notice is received), any interest thereon, or any costs or expenses, including without limitation, reasonable attorneys fees incurred in the collection thereof or any future advances made by Lender to Borrower as required or permitted pursuant to the terms of the instruments, documents or agreements evidencing or providing for the Obligations. Any such notice of termination by or on behalf of any of the undersigned shall affect only that person and shall not affect or impair the liabilities and obligations hereunder of any other person.

The terms and provisions of any addendum attached hereto are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this guaranty under seal, this 22nd day of July, 1994

Witness:

_____(Seal)
(Individual Guarantor)

_____(Seal)
(Individual Guarantor)

Attest:

(Signature of Patricia A. Gill
appears here)

COCA-COLA BOTTLING CO. CONSOLIDATED

By (Signature of Brenda B. Jackson
appears here)

----- (Seal)
Title Assistant Secretary Title Vice President and Treasurer

[Corporate Seal]

-----WACHOVIA-----
Addendum to Guaranty Agreement

This document, upon its acceptance below by WACHOVIA BANK OF NORTH CAROLINA, N.A. (hereinafter referred to as the "Bank"), shall constitute an addendum to the Guaranty Agreement, dated July 22, 1994 (herein referred to as the "Guaranty Agreement") from COCA-COLA BOTTLING CO. CONSOLIDATED, a Delaware corporation (herein referred to as the "Guarantor(s)") which provides for the guaranty by Guarantor(s) of the Obligations of SOUTH ATLANTIC CANNERS, INC., a South Carolina/corporation (herein referred to as "Borrower") to Lender, and shall be incorporated in the Guaranty Agreement by reference and made a part thereof. All capitalized terms used in this Addendum which are defined in the Guaranty Agreement shall have the meanings given such terms in the Guaranty Agreement. Only those sections below which have been checked and completed are included in the Addendum.

Title Senior Vice President

