



ANNUAL REPORT 2010





# Coca-Cola.

Coca-Cola Bottling Co. Consolidated is the largest independent Coca-Cola bottler in the United States. We are a leader in manufacturing, marketing and distribution of soft drinks. With corporate offices in Charlotte, N.C., we have operations in 11 states, primarily in the Southeast. The Company has one of the highest per capita soft drink consumption rates in the world and manages bottling territories with a consumer base of approximately 20 million people. Coca-Cola Bottling Co. Consolidated is listed on the NASDAQ Stock Market (Global Select Market) under the symbol COKE.



This annual report is printed on recycled paper.



**D**ear Shareholders,

Last year was very successful for your Company. Going into 2010, we faced numerous uncertainties including an economy struggling to come out of recession, high unemployment across much of our franchise territory and continued volatility of many of our key input costs. In light of this, we are pleased to report the Company had very strong financial performance in 2010 and continued to drive improvement in all of its core objectives.

The Company's Purpose Statement has four core objectives that guide us:

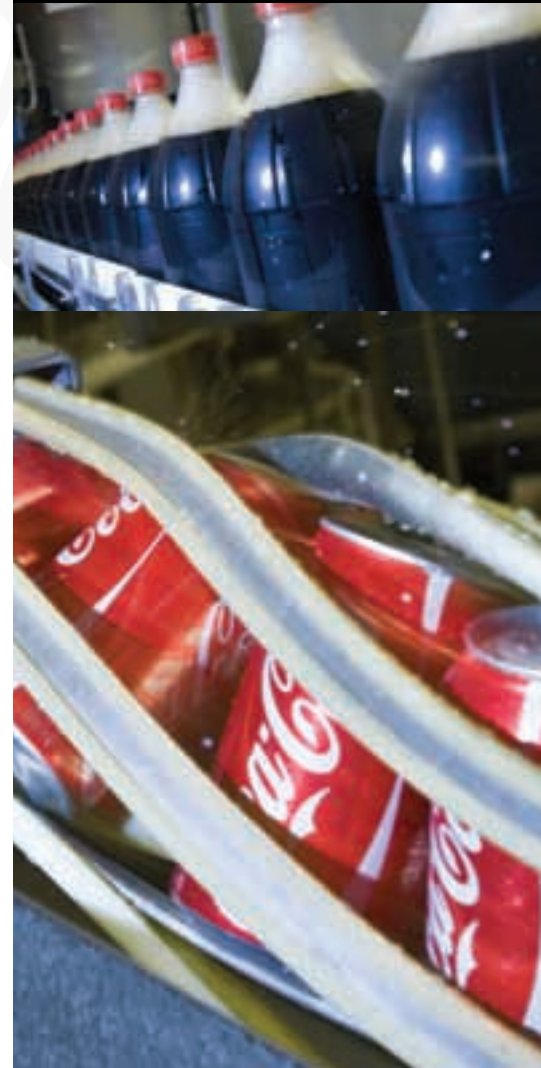
- Growing Profitably
- Pursuing Excellence
- Serving Others
- Honoring God In All We Do

## GROWING PROFITABLY

The Company reported very strong financial performance for 2010 with reported net income of \$36.1 million, or basic net income per share of \$3.93, compared to net income of \$38.1 million, or basic net income per share of \$4.16 in 2009. The comparability of earnings

between 2010 and 2009 was impacted by several unusual items. Our 2010 results include non-cash losses on our hedging programs of \$3.2 million net of tax, or \$0.35 per share; after-tax gain from the impact of the Nashville flood of \$0.5 million, or \$0.06 per share; an expense of \$0.5 million, or \$0.05 per share, due to the change in tax law eliminating the tax deduction for Medicare Part D subsidies; and favorable adjustments to income tax expense of \$1.7 million or \$0.18 per share. Our 2009 results included non-cash gains on our hedging programs of \$8.5 million net of tax, or \$0.93 per share; favorable adjustments to income tax expense of \$7.1 million, or \$0.77 per share; and \$1.1 million net of tax, or \$0.12 per share, of additional income from the 53rd week of 2009. Excluding these unusual items, net income and basic net income per share for 2010 were \$37.7 million and \$4.11 compared to \$21.5 million and \$2.35 for 2009.

Through the course of the year, we saw improvement across many channels of our business that helped drive an increase in physical case volume of 4.4 percent, the highest volume growth we have seen in more than five years. Higher volume and fewer increases in our key raw material costs led to improved gross



*In 2010, we experienced the highest volume growth in five years.*





24-ounce package



16-ounce package

margin in 2010. Our results included strong growth in future consumption channels and continuing improvement in our convenience store and on-premise channels, which have been severely impacted by the ongoing economic downturn. Our 16- and 24-ounce packaging strategy in the convenience channel, with the 16-ounce offered at \$0.99, has continued to appeal to consumers. This strategy has grown both volume and share, while providing value to our customers and consumers.

The Company continued to work on its long-term goal of strengthening its financial position in 2010, generating free cash flow of approximately \$46 million, which is available to reduce long-term debt. We are focused on continuous improvement of our balance sheet in order to ensure the Company has the capability and capacity to grow and take advantage of strategic opportunities when available. In the past 10 years, the Company has reduced long-term debt by more than \$450 million, a testament to our focus on this important financial objective.

### PURSuing EXCELLENCE

The Company has adopted a continuous improvement operational perspective focused on constantly finding ways to better serve our customers, more productively and efficiently. We operate in a very competitive environment and know that yesterday's methods will not meet today's nor tomorrow's requirements for our customers or our shareholders. We continuously review all aspects of what we do and how we do it to find better ways to produce, sell, and

deliver the world's greatest refreshment products and to serve our customers and consumers.

Our sales and delivery teams have significantly improved our selling execution and customer service through a program called Right Execution Daily (RED). Through the RED program, we survey customers to evaluate the quality of our service and the effectiveness of our sales and merchandising in a sales outlet. During 2010, our employees

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**During 2010, our employees performed more than 100,000 surveys, providing invaluable insight and information to help us market and deliver more efficiently and to respond to our customers' business needs.**

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The production and delivery of our products present significant logistical challenges and expense that we strive to overcome. From procurement of raw materials to delivering the finished products to our customers, we are focused on efficiency in all aspects of our supply chain. In 2010, we continued the consolidation of smaller distribution facilities into larger ones to generate more economies of scale. We also continued to leverage an automated load-building system in our Charlotte



distribution facility. This allowed us to consolidate two branches, increasing load size and efficiency while reducing delivery costs.

Our trucking fleet is one of the largest in the southeastern United States. The past few years, we have significantly expanded the amount of backhaul and freight brokerage work we do for third parties. This has increased our fleet utilization from 50 percent in 2008 to 65 percent in 2010.

Also during 2010, we experienced a terrible natural disaster in our Nashville production and distribution facility. Record rainfall in May resulted in flood waters filling the entire facility to depths of three to five feet. In a great testament to the incredible spirit, capability and drive of our employees, the cleanup and rebuilding began before the flood waters had even receded. Our employees, who normally produce the world's greatest beverages, shifted gears and became the world's most incredible cleanup team.



*Our 16- and 24-ounce packaging strategy has driven growth.*



## LETTER TO SHAREHOLDERS



*We strive to make, sell, and deliver products and services better than anyone else.*

Distribution normally handled by this facility shifted to our other Nashville facility, and we were able to maintain service to our customers with very little disruption.

### SERVING OTHERS

Serving others is ingrained in all that we do each and every day. We strive to serve our customers, consumers, and the communities where we live and work. The Company, through our employees,

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*We recognize that in order to be good corporate citizens, we must take a leadership role in promoting sustainable communities.*

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is actively involved in numerous activities serving the physical, emotional and spiritual needs of our neighbors. We recognize that in order to be good corporate citizens, we must take a leadership role in promoting sustainable communities. One way we have done this is through our Coca-Cola Recycle and Win program, which rewards citizens who are "caught" recycling the correct way in their community's curbside recycling program. The Coca-Cola Recycle and Win program has been implemented in cities and towns in North Carolina, Tennessee and West Virginia, and we hope to expand the program to other cities and towns throughout our sales territory. Through this unique and engaging program, we partner with local governments, retailers, and citizens to promote and increase recycling rates.



In 2010, we also initiated an ongoing relationship with the Wounded Warrior Project. More than 39,000 of our nation's armed forces personnel have been physically wounded during the current military conflicts. Thousands more are estimated to be recovering from invisible wounds of war. Wounded Warrior Project assists wounded veterans and their families through a holistic approach to recovery, providing programs and services to aid physical rehabilitation and improve mental health and well-being. In sponsoring the three-day Soldier Ride to raise awareness for the Wounded Warrior Project, and engaging our partners Circle K and Charlotte Motor Speedway to do the same, we are reaching out to help these veterans to whom we owe our freedom.

**HONORING GOD  
IN ALL WE DO**

The most important of our four core objectives is Honoring God In All We Do. We believe this objective sets the bar very high - for the values we hold dear as a company; for the humble character we expect of our employees; and, for the integrity inherent in each and every relationship between the Company and its employees and the many consumers, customers, suppliers, communities and other constituents we serve. Our Purpose Statement, which we shared

in our 2009 Annual Report, sets forth the God-honoring values which should define your expectations of us and our employees and the actions which support those values. No matter what your connection to our Company, we invite you to hold us accountable for these values and actions as we strive to hold ourselves accountable in all facets of our business and our relationships. We feel fortunate to be in this great business and want to express our gratitude many-fold to you and others we serve.

**LOOKING FORWARD**

We are privileged to lead a great company that produces, distributes and sells the world's greatest brands. Our success in 2010 was attributable to many factors, including our customers, our consumers, our 5,000-plus dedicated employees and ongoing support from our partner, The Coca-Cola Company. We overcame many obstacles in 2010, including a very challenging economy. As we look forward to 2011, we continue to face an economy that has been slow to recover and significant increases in the cost of many raw materials we use to produce and distribute our products. We believe we will continue to meet all of the challenges facing us and deliver value for all whom we serve. Thank you for your ongoing support of our Company.



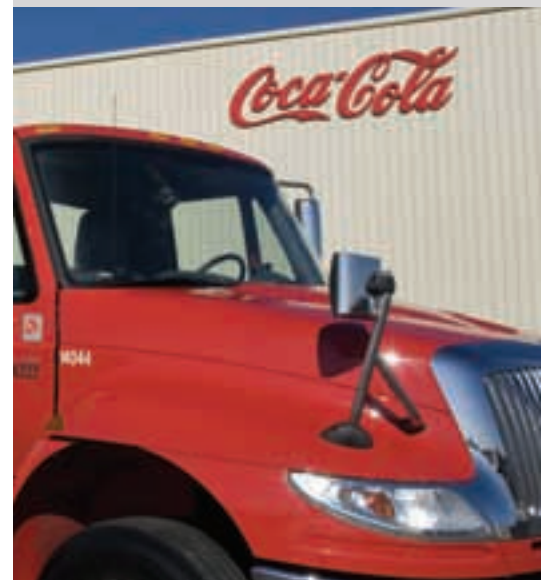
**J. Frank Harrison, III**  
Chairman of the Board and  
Chief Executive Officer



**William B. Elmore**  
President and  
Chief Operating Officer



*We have one of the largest  
trucking fleets in the  
southeastern United States.*



## A TRIBUTE



Nashville, Tenn.

May 2, 2010

After days of heavy rain, Nashville experienced flooding of historic proportions. Hundreds of thousands of residents, including our own CCBCC family, were affected.

The CCBCC manufacturing plant was under water, and the damage was unimaginable. Water had moved shells, pre-mix tanks, recycling materials and anything that was not secured. Raw materials were strewn everywhere since the plant was scheduled to run all weekend. Many of the electrical panels, conduits, conveyors and production equipment were also damaged.

In the aftermath, CCBCC employees joined together to lead an unparalleled recovery effort. Employees from Manufacturing, Logistics, Sales, Risk Management, Engineering, Facilities Engineering, Quality and FM Global all helped initiate cleanup and recovery efforts both on and off the property.

A tremendous effort also unfolded behind the scenes, as our employees ensured support to our customers was essentially unaffected. We did not miss any routes and appeared "business as usual" to the public! Just nine days after the flood waters rushed through the plant, the can line successfully began running cases. The small PET line was next. On May 18, all three lines ran simultaneously.

We applaud the magnificent effort required to return the campus to pre-flood conditions. The success was due to the hard work, dedication and desire of the entire Nashville team, backed by the rest of the Company.

We cannot forget the terrible loss and suffering caused by the flood, and our Stewardship Team worked with many team members personally affected. In keeping with our Company's Purpose, we are proud of how our Tennessee team took care of each other in this time of hardship.

